

# The Nation's Business

*Volume III*

September 15, 1915

*Number 9*

The Need for a Permanent Tariff Commission

The Chances for American Trade in China

What's Wrong With the Lumber Industry?

Wages and the Cost of Operating Ships

British India and American Business

Work of the British Board of Trade

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# THE NATION'S BUSINESS

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## Commerce in the Month's News

**T**HE tariff affects every man, woman and child in the country just as seriously and as definitely as do railroad rates. We have a permanent, non-partisan body of experts, the Interstate Commerce Commission, to investigate conditions affecting railroad rates and interpret the law regarding them. Why should we not have a similar permanent non-partisan body of experts to investigate conditions underlying tariff legislation? It is not necessary to push the analogy further. It is not proposed to authorize a tariff commission to interpret the law or to enforce it. When it has collected data, however, by scientific methods, why should it not make recommendations to Congress and the President? The second referendum of the National Chamber was taken on the subject of a Permanent Tariff Commission and the vote was unanimously in favor of such a body. The Chamber has now appointed a committee to take charge of the campaign of publicity in this matter. The names of the members of this committee will be announced in these pages next month. In another part of this issue we give our readers a summary of the history of the efforts to establish a Permanent Tariff Commission in this country, with expressions of opinion in favor by a number of Senators.

**T**HERE has been a great deal of resentment and complaint on the part of American commercial interests because of the holding up, under the British Order in Council of last March, of large quantities of American owned goods in Germany and Austria contracted for before the Order went into effect. The value of such goods held at Rotterdam alone, it has been estimated, amounted in September to more than \$150,000,000. Some months ago the British Government consented to permit the passage through the blockade of such goods as could be proved to have been contracted for and paid for prior to March 1. At first Britain declined to pass merchandise unless both these conditions had been fulfilled. After a number of infor-

mal conferences between the British Embassy in Washington and the foreign trade advisors of the State Department (with the Washington headquarters of the National Chamber in active cooperation) it was finally agreed, on September 9, that merchandise contracted for before March 1, but not paid for on that date, might be brought out upon presentation of proofs of American ownership, the identification of cargoes and other particulars.

**T**HE governments of Great Britain and France, on August 25, formally notified our State Department that cotton had been placed by the allies on the list of absolute contraband. Italy followed on September 2. The reason generally assigned is that cotton is now the basis of most of the high explosives and has thus become virtually one of the munitions of war. In the statement made public by the British Embassy in Washington at the time of the declaration that cotton would be regarded as contraband, the assurance was given that the allies have no intention of further restricting "those consignments of cotton to neutral countries which are proved to be exclusively destined for the normal consumption of those countries." The weekly report of the Federal Reserve Board showing the condition of the twelve federal reserve banks on September 10, indicated that government funds have been deposited to the amount of five million dollars each in the reserve banks at Rich-



SOUTH AMERICA (to Uncle Sam Who is Paying Too Much Attention to European Trade Prospects)—“Oh-h-h, Waiter!”—Sykes, in the Evening Ledger (Philadelphia.)

mond, Atlanta and Dallas. To promote the use of these deposits in the financing of the cotton crop, the Reserve Board issued special regulations regarding "commodity paper", indicating that the reserve banks might use specially low rates of discount in taking over from the Southern banks paper secured by warehouse receipts for cotton on which the banks had not charged more than six per cent. It is reported that the German Government has indicated its desire to purchase 3,000,000 bales (the annual amount normally taken from the United States by Germany and Austria) "if delivery can be arranged." In this connection it will be helpful to reread the National Chamber's Bulletin, number 174 (issued December 28, 1914), on "The Story of Cotton."

**T**HE conditions surrounding ocean transportation, as these affect the foreign trade of the United States, were investigated, at least partially, last winter, by the Departments of the Treasury and of Commerce, while the ship purchase bill was under consideration in Congress. Now, at the request of the President, the Interstate Commerce Commission will make a searching inquiry into ocean rates and facilities between the United States and foreign countries. Comparisons are to be made with rates and conditions before the outbreak of the European war. American shippers are requested to cooperate by sending to the Commission information concerning the adequacy or inadequacy of steamship facilities, the extent to which ocean freights have advanced and the effects on their business.

**W**HILE the Interstate Commerce Commission is looking into the conditions surrounding ocean transportation, particularly with Latin America, the Federal Trade Commission, also at the request of the President, will make a searching and complete inquiry into tariff laws and customs regulations in these countries, into "all those artificial barriers raised by adverse laws and regulations that hinder the expansion of our commerce with the republics of the western hemisphere." This inquiry has grown out of the Pan American Financial Conference and was suggested to the President by the Secretary of the Treasury. The Federal Trade Commission will cooperate with the International High Commission, as far as may be practicable, and will itself have the assistance of the Department of the Treasury, the Department of State and the Department of Commerce, through the diplomatic and consular agents and commercial attaches of the United States abroad.

**I**N his letter to the President transmitting the "Proceedings of the Pan American Financial Conference" (made public on September 6) the Secretary of the Treasury repeats his belief (set forth at length in the supplement to the June issue of THE NATION'S BUSINESS) that the "quick and effective solution of this problem [the

Britain Lets  
Some German  
Goods Through

Tariff Laws and  
Customs Also  
Under Scrutiny

Governments  
And Aid to  
Shipping



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building up of an oversea merchant marine] is for the Government of the United States to put itself behind a shipping enterprise so that the necessary financial support to make it successful will be assured." The opinion of the business men of the country, as we have already pointed out more than once in these pages, is found in the referendum by the National Chamber, the results of which we summarized in our July number. It is interesting to note that, in recommending the support by the United States Government of a shipping enterprise, the Secretary, in a way, links up with the subject of a merchant marine that of national defense. He pleads for merchant vessels that in time of war might become naval auxiliaries. He says:

It would seem to be the part of wisdom and intelligence for the Government of the United States to create promptly by construction and purchase a fleet of merchant vessels suitable for naval auxiliaries and to operate these vessels in time of peace for the purpose of extending our commerce throughout the world and creating the trained seamen upon whose skill and valour we must depend for the operation of these ships and the defense of our country in time of war.

\* \* \* \* \*

IN his letter to the President, already alluded to, the Secretary of the Treasury sketches the history of the Pan American Financial Conference idea from its inception and recites the progress made to perpetuate it after the first Conference had closed its labors. An annual gathering of this sort, Mr. McAdoo believes, would be an excellent thing. He recommends also the establishment of Federal Reserve Bank agencies throughout Latin America and asks Congress for an appropriation of \$25,000 in order that the International High Commission on Uniformity of Laws may be enabled to carry out the work it has undertaken.

\* \* \* \* \*

THE continuation work of the standing committees of the Conference goes on steadily. On September 13, it was known that the Argentine Government had accepted the suggestion of the Secretary of the Treasury that the meeting of the International High Commission be held in Buenos Aires. The Argentine Hall of Congress has been offered for the sessions of this body. The American members of the High Commission will meet in Washington on the 23rd of the present month. Meanwhile, the work of the group committees is not lagging. An interesting development of this group committee work is the request made by Secretary McAdoo that the Committee on Salvador take up at an early date the question of introducing a genuine gold standard into

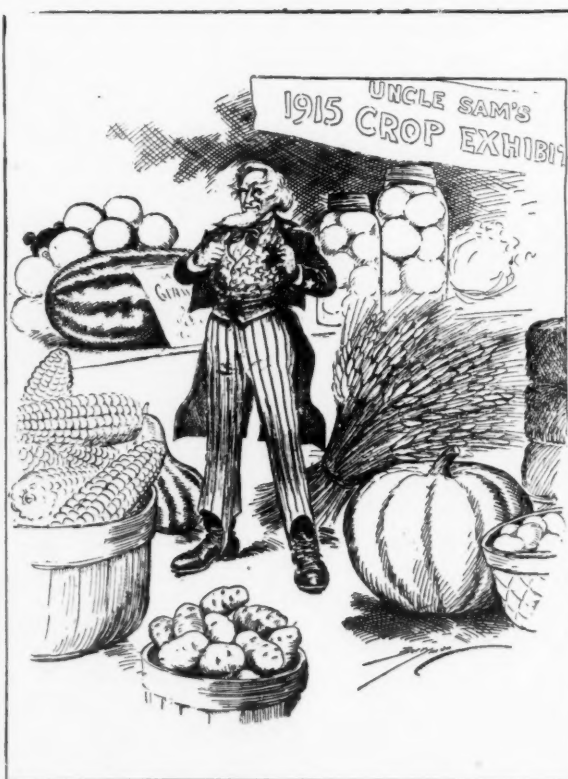
that republic. We are informed that the Educational Conference on Foreign Service Training—called by the United States Commissioner of Education and other government officials for October 4—has been postponed. Readers of THE NATION'S BUSINESS will recall the article on this subject which appeared in these pages in June. The meeting will be held in the latter part of December in Washington probably in connection with the second Pan American Scientific Congress.

\* \* \* \* \*

AN important decision on the Seamen's Law (which, it will be remembered, goes into effect for American shipping on November 4), was handed to the President by the Attorney General on August 25. The Solicitor of the

New Rulings  
On the Sea-  
men's Law

Department of Commerce had ruled that the life saving and life equipment section does not apply to vessels of foreign countries whose laws regarding these provisions "approximate" the American requirements. An appeal was taken from this ruling. It is understood that the Attorney General has sustained the Solicitor



THE COUNTY FAIR SEASON—UNCLE SAM ENJOYING HIS PROSPERITY.  
—Berryman, in the *Evening Star* (Washington.)

or. Further construction placed by the Solicitor upon the language test provision is that seventy-five per cent of the crew will have to understand orders only in their particular departments. It has now been decided by the Secretary of Commerce that the Public Health Service will examine seamen for physical fitness and the Coast Guard for seamanship. Some further illuminating figures on the comparative costs of operating ships under the present law and under the new act are given on another page.

\* \* \* \* \*

PRESIDENT WILSON now has in his hands the detailed report of the investigation made by the Board of Inquiry into the *Eastland* disaster. At a meeting in Chicago on August 5, the executive committee of the Inspection Service adopted amendments to the general rules and regulations

First Fruits  
of the "East-  
land" Inquiry

(approved on August 11 by the Secretary of Commerce and, therefore, now having the force of law), to the effect that increases in the passenger allowance of any vessel may be permitted only after personal inspection by the local or supervising inspector. "Inclining tests", furthermore, must be made under the supervision of "expert naval architects", if the inspectors have "reason to question the stability of any vessel." Representatives of the National Chamber, it will be remembered, participated in the inquiry, and the name of one of these, a former president, is signed to the report presented to Secretary Redfield. A few days before these lines were written, the committee of supervising inspectors of the Steamboat Inspection Service assembled at Cleveland (September 10) directed by the Secretary of Commerce to investigate thoroughly the service on the Great Lakes for the purpose of further safeguarding passenger traffic.

\* \* \* \* \*

A special committee appointed in June by the National Chamber to formulate the proposals of a definite program for avoiding future wars, has made its report. Readers of THE NATION'S BUSINESS will remember that the basis of such a program was set forth in our issue for July, in the form of a pledge to

which the United States might become a signatory, to provide methods and the machinery for investigation and conciliation in case of international disputes. If these failed, it was recommended that economic pressure be applied to outlaw nations and peoples. The Committee now offers to the Chamber the following five specific proposals: 1. A more comprehensive and better-defined Sea Law. 2. An International Court. 3. A Council of Conciliation. 4. International Conferences for the better establishment and progressive amendment of International Law. 5. The organization of a system of Commercial Financial Non-Intercourse to be followed by military force, if necessary, to be applied to those nations entering into the foregoing arrangements and then going to war without first submitting their differences to an agreed upon tribunal. In due course action looking to a referendum will no doubt be taken on these proposals by the National Chamber.

\* \* \* \* \*

AT the invitation of the Chamber of Commerce of Cleveland, the Board of Directors of the National Chamber will meet in that city on October 5, 6 and

7. Arrangements have been made to have present at this meeting representatives of a number of other commercial organizations in the

State of Ohio. A number of important subjects will come up for discussion and possible settlement. Special committees will report on three referenda already determined upon: "The Terms of the Settlement of Peace," "The Department of Commerce," and "The Seamen's Act" and allied subjects. In all probability, resolutions will be introduced for the taking of referenda upon other questions.

The October  
Meeting of  
the Directors

An Annual  
Pan American  
Conference?

Following up  
the Financial  
Conference



# The Need for a Permanent Tariff Commission

## What Has Been Done to Secure One and What the National Chamber is Doing

(A number of members of Congress, regardless of party, who have been prominently identified with the tariff commission idea in former sessions, were asked for an expression of opinion for this issue. Those opinions which were received up to the time of going to press are printed herewith.)

**P**RACTICAL business men are coming to realize that the only way to secure satisfactory results in tariff legislation is by a thorough and disinterested investigation of industrial facts in relation to a tariff. Many, if not most, of the abuses incident to the present haphazard system of making tariffs might be cured if some permanent body of experts could be relied upon to ascertain and compile facts and figures with relation to costs, prices, and conditions upon which to base our tariff laws.

### The National Chamber Champions It

The Chamber of Commerce of the United States is committed, by its second referendum, to the advocacy of a Permanent Tariff Commission. A resolution adopted at the first annual meeting of the National Chamber called for the views of the members to determine its policy on the question of such a commission. In accordance with this resolution, a definite proposition for a Permanent Tariff Commission was submitted to the members of the Chamber and the vote showed that the membership was overwhelmingly in favor of the establishment of such a body. In summing up the results of this referendum at the time, *THE NATION'S BUSINESS* said:

The intention is that the tariff board or commission shall investigate all necessary matters relating to tariffs and tariff legislation; shall cooperate in the application of maximum and minimum tariffs; shall have the authority to hold hearings, and subpoena witnesses, but shall hold confidential any information of advantage to business competitors. The information secured would be available to the President and to both houses of Congress. The vote of members has been overwhelmingly cast; first, in favor of the appointment of a commission by the President with the advice and consent of the Senate; second, that the number of commissioners should be limited, preferably not more than five; third, that the term of office should be sufficiently long, preferably six years and that the terms of members expire in rotation as in the Interstate Commerce Commission; fourth, that minority representation on the commission should be secured by having not more than three of the members chosen from one political party. The purpose of the commission involves the bringing together of facts of all kinds pertinent to tariff schedules both in this and other countries. The tariff commission favored by the Chamber of Commerce of the United States should confine itself to the reports of ascertained facts and should not make recommendations unless called for by the body having power to institute tariff legislation. The information secured by the commission should be available to both houses of Congress and to the President.

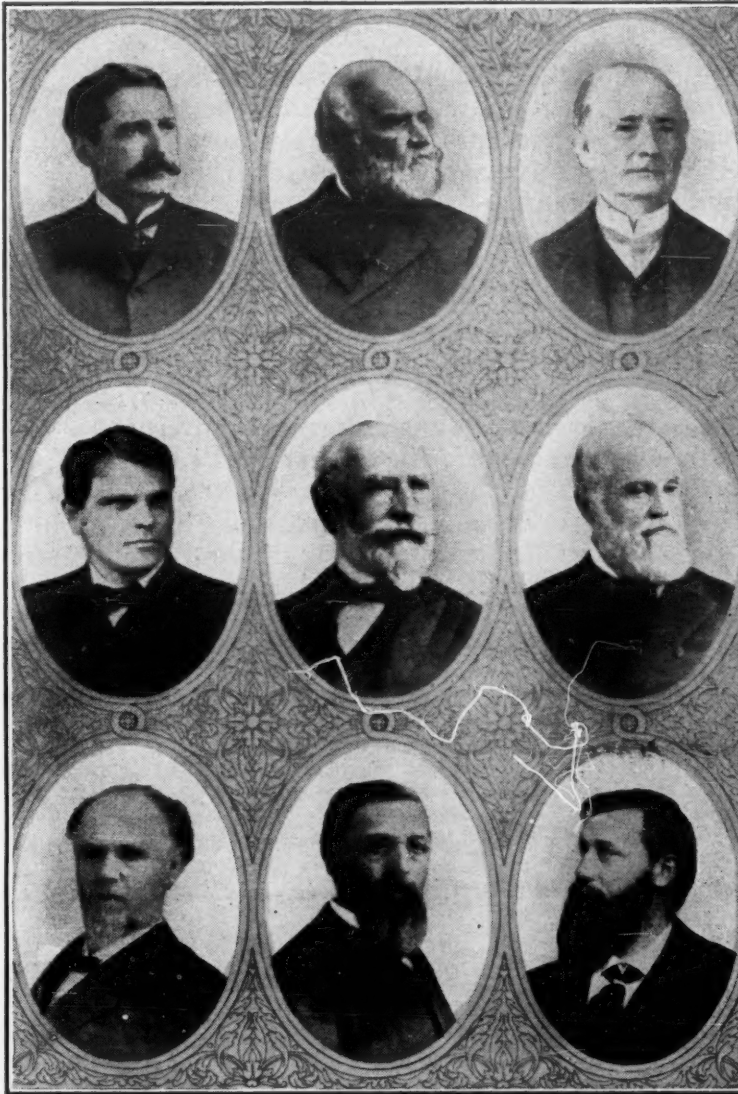
At that time (April 30, 1913), however, the present tariff bill was under discussion. Congress, it was evident, would not give any consideration to a new method of formulating the tariff until this bill had been put into effect and given a fair trial.

The present tariff has been in force now for almost two years. Whatever may be claimed by its advocates and critics, it has not, it will be freely admitted, in any way lessened the need for an expert non-partisan commission to deal with this vital part of our national business life.

### Getting the Matter Again Before Congress

The present seems a favorable time to get ready to present the matter in a convincing way before the coming session of Congress. The National Chamber, therefore, has appointed a special committee on

a Permanent Tariff Commission for the purpose of taking charge of preparing data to lay before Congress and to enlighten the Chamber members throughout the country. The member organizations of the Chamber, furthermore, were asked to appoint committees to cooperate in this work.



OUR FIRST TARIFF COMMISSION—THAT OF 1882

(From a collection of photographs made while the Commission was in session and loaned by the family of the late Judge Ambler for use in connection with Miss Ida Tarbell's article "The Tariff in our Own Times", in *THE AMERICAN MAGAZINE*, by courtesy of which they are reproduced.)

H. W. Oliver, Jr., Pa. iron manufacturer.	Alexander R. Boteler of West Virginia.	Duncan F. Kenner of La., sugar grower.
Robert P. Porter of the D. C., expert in the Census Bureau.	John L. Hayes of Mass., Secretary National Assn. of Wool Manufacturers.	John W. H. Underwood of Ga.
Judge Jacob A. Ambler, Ohio, Lawyer and ex-Congressman.	Austin M. Garland, of Ill., a wool grower.	William H. McMahon of N. Y., officer in the New York Custom House.

It will be useful to trace the history of the idea in Congress. The popular interest in a tariff commission in this country antedates the first concrete congressional legislation by a few

years. In 1879-80 a bill providing for a tariff commission to be composed of persons not members of Congress passed the Senate, but failed in the House. The following year, 1881, President Arthur, in his first annual message, recommended a Tariff Commission, and a bill creating such a body became law on May 15, 1882.

### Our First Tariff Commission, that of 1882

This Commission, consisting of nineteen members appointed by the President from civil life, and confirmed by the Senate, was required to report to Congress at the following session, which began on December 4, 1882. According to the terms of the law creating it, this Commission was required

to thoroughly investigate all the various questions relating to the agricultural, mercantile, manufacturing, mining and industrial interests of the United States so far as the same may be necessary to the establishment of a judicious tariff or a revision of the existing tariff upon a scale of justice to all.

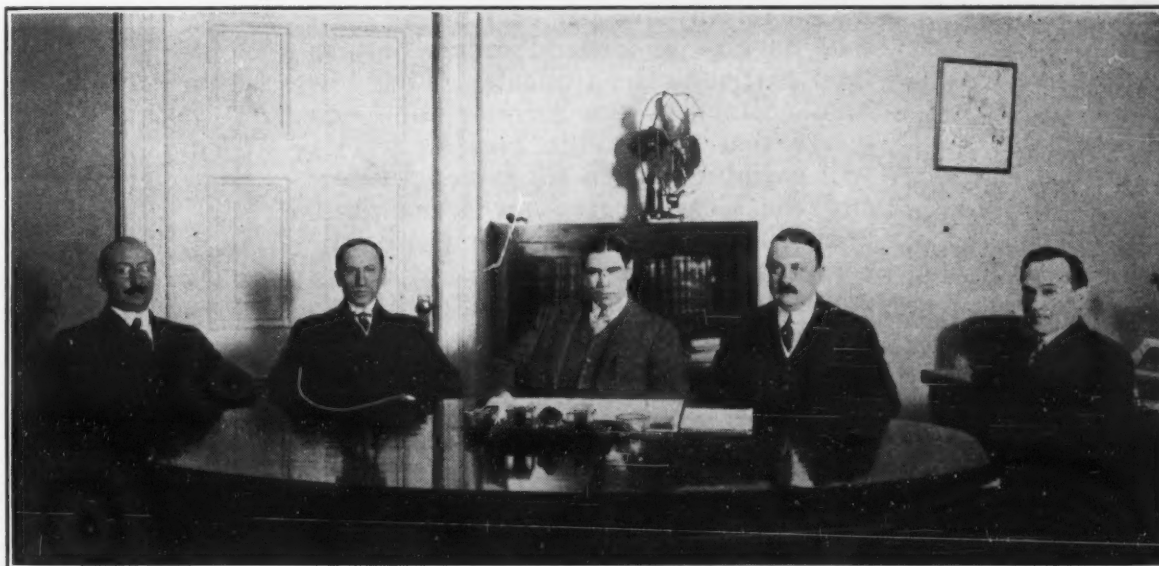
The Commission organized on July 6, 1882, and during the next three and one-half months held hearings in twenty-nine cities in different parts of the country. It then drafted a bill which was submitted to Congress. Because of inadequate time for thorough investigation, however, the Commission did not even claim that this bill had been prepared on a scientific basis—merely that it had been constructed upon the general theory that the new tariff was to be protective. Although the bill provided for a reduction averaging not less than twenty per cent, the resulting tariff law decreased average duties only slightly. It was in the reclassification of schedules and in the recommendations for changes in administering the customs that this Commission did its most constructive work. As a body, it was not intended to be permanent, and it passed quietly out of existence soon after making its report.

### Various Bills to Establish Commissions

A permanent customs commission of five, to be appointed by the President and attached to the Treasury Department, was provided for in a bill introduced by Senator Plumb, of Kansas, in 1883. This commission, appointed for six years, and not to include importers or exporters, was to take testimony regarding existing tariff law and ascertain the effect of tariff upon the prices, quantities and values of domestic and imported goods. The Senate passed this bill the next year as an amendment to a tariff measure, which, however, the House refused to accept.

In 1904, in the 58th Congress and again in 1907, in the 59th Congress, tariff commission bills were introduced. In the 60th Congress (1907-1909) four bills were introduced, and in the 61st

Congress (1909-1911) a Permanent Tariff Commission bill, known as the Payne Bill, approved by the National Tariff Commission Association (representing more than 100 commercial organizations) in many ways in agreement with the plan adopted by the National Chamber, was unanimously reported by the Ways and Means Committee of the House. Although passing the House and then the Senate in a slightly amended form, this measure was received back in the lower House so late in the session that its opponents were able to block its passage. In the 62nd Congress (1911-1913) this same bill, in several



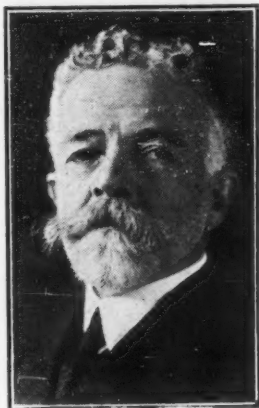
THE TARIFF BOARD APPOINTED BY PRESIDENT TAFT IN 1909

Left to Right—Thomas W. Page, Alvin H. Sanders, Henry C. Emery (Chairman), James B. Reynolds and William M. Howard.



**Senator Lodge, Massachusetts**

*Editor of THE NATION'S BUSINESS*—I am very glad indeed to express to you my approval of the idea, principle and practice of a Permanent Tariff Commission. I have always supported and have voted again and again in favor of such a permanent body to deal with the tariff. You may rest assured that I shall continue to support it. The plan which you tell me was voted on by the Chamber of Commerce of the United States seems to me a very good one indeed, corresponding in the main with those I have previously supported.



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HENRY CABOT LODGE.

Boston.

different forms, as well as numerous other tariff commission bills, failed to pass.

**The Taft Tariff Board of 1909.**

According to the terms of the Payne-Aldrich Tariff Law (approved August 5, 1909), duties provided therein were to be increased on April 1, 1910, by twenty-five per cent ad valorem, except upon imports from countries which, in the opinion of the President, imposed no discriminatory taxes or restrictions upon United States products. In order to assist the President to determine whether such discrimination had been made the law authorized the employment of "such persons as might be required," and a special appropriation was provided.

President Taft, therefore, on September 4, 1909, appointed a Tariff Board of three, under the chairmanship of Professor Henry C. Emery, of the Department of Political Economy at Yale University. The President interpreted his authority in this matter (in his message to Congress December, 1909) as

to direct the tariff board to make a comprehensive glossary and encyclopedia of the terms used and the articles embraced in the tariff law and to secure information as to the cost of production of such goods in this country and the cost of their production in foreign countries.

Congress later (June, 1910) made an appropriation for this purpose. In making provision for the fiscal year 1911-1912, Congress, furthermore, agreed that this should be either for the existing Tariff Board or for a Permanent Tariff Commission, if such body should be created. The bill creating a Permanent Tariff Commission (the Payne Permanent Tariff Commission bill), however, in substantially the same form as that de-

**Senator Works, California**

*Editor of THE NATION'S BUSINESS*—The Permanent Tariff Commission should be given the authority to formulate and propose to Congress in the form of bills or amendments any legislation that it believes should be enacted so that it might appear in Congress in concrete and definite form. The Commission should be given the authority to present to Congress at any time any amendments that it might believe to be necessary in order to remove any objectionable features of existing laws. In other words, the commission should be given full and ample power to deal with the whole subject or any specific part of it at any time and to present to Congress for enactment such legislation as it might regard as advisable.



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JOHN D. WORKS.

Los Angeles.

feated, failed by a filibuster to pass both Houses in the last hours of the 61st Congress. On March 4, 1911, the President appointed two additional members of the board, thereafter made up of three republicans and two democrats. Politics, however, did not enter and the reports made by the board were all unanimous.

Congress having refused to appropriate money for the maintenance of this Board during the fiscal year 1913, it went out of existence on June 30, 1912. It had submitted reports on "Pulp and News Print Paper," (1911); "Crops and Farm Animals," (1911); "The Wool Schedule," (1911); and "The Cotton Schedule," (1912).

**The Reasons for and Against a Commission**

The arguments pro and con on a Permanent Tariff Commission are well understood by the business men of the country, the question having been before Congress and the public for so long a period. Numerous articles and pamphlets have been issued for the purpose of promoting the movement for a Permanent Tariff Commission. Very little against the idea, however, has been published. The arguments in opposition are best summarized in the debates in Congress. The main points on both sides are given in the referendum pamphlet of the National Chamber.

**The Arguments in Favor**

Those who favor a commission argue that, while the determination of a tariff policy is a political question, the method of levying such taxes as may be determined upon involve technical and economic questions constantly varying in character and degree, which require expert investigation as a basis for such policy as Congress may lay down. Since the national legislature does not sit continuously and the government departments have too many diversified interests to concentrate on any one subject, it would seem to be necessary that some body able to give deliberate and impartial consideration to facts and exact data be constituted. It is generally claimed that the best way to secure such a commission would be for the President to nominate and, by and with the consent of the Senate, to appoint such a commission composed of real experts upon all subjects connected with tariff legislation. The purpose of such a commission, it is claimed, should be confined to investigation and report, not to draft bills or to exercise any legislative function. That such procedure of investigation and report would be strictly constitutional, the advocates of a tariff commission claim, is shown by the fact that there are at present a number of particular bodies created by Congress to investigate and make reports and their constitutionality has been established—the Court of Claims, the Interstate Commerce Commission and the Federal Trade Commission.

**The Opposition as Formulated**

The opposition to a Permanent Tariff Commission is largely based on the contention that the work of such a body would be in conflict with the provision of the national constitution which provides that "all bills for raising revenue shall originate in the House of Representatives." This provision is held by those in opposition to include not only the formulation of the bill itself, but the ascertainment of those facts necessary to its formulation. Therefore, say the opponents of a tariff commission, the body entrusted with the drawing up of tariff measures should be congressional. Moreover, they claim, a commission could not possibly obtain the exact facts concerning the costs of production here and abroad. Furthermore, a commission is unnecessary because members of the Ways and Means Committee of the House have become expert on tariff matters through experience; the Bureau of Foreign and Domestic Commerce, the Census Bureau and the Bureau of Labor Statistics are already engaged in collecting and collating such material. Finally, the proposed commission not being answerable to the people nor to the House of Representatives, but only to the President, would be irresponsible, according to the point of view of the two Houses of Congress.

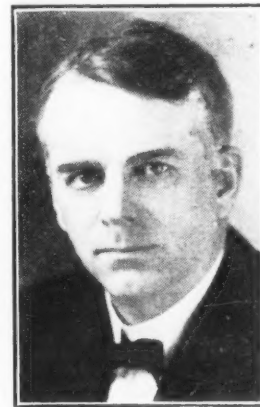
**Tariff Commissions in Foreign Countries**

There are a number of bodies in Europe which have functions resembling the duties of the proposed American Tariff Commission. They, however, fit into governmental schemes so different from that of the Government of the United States that comparisons are difficult.

In England, the Commissioners of Customs

**Senator Kenyon, Iowa**

*Editor of THE NATION'S BUSINESS*—I have always been in favor of a permanent commission to handle the tariff. We ought to have such a commission in order to get this vital question out of the reach of politics. The business of this great country of ours certainly ought not to be used as a football to be kicked around and suffer accordingly every two or four years on this tariff question.



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I am glad to record my approval of this excellent idea of a Permanent Tariff Commission.

WILLIAM S. KENYON.

Fort Dodge.

and Excise, a part of the Treasury, are civil service officials. Mr. Chamberlain's Tariff Commission, organized in 1903, is really a bureau of a national campaign committee. In Germany and Austria, and to a certain degree in France, there are permanent staffs of under secretaries who collect and keep current statistics which may be used as the basis of tariff proposals by the ministry in power. In Austria a committee of the Associated Chambers of Commerce has frequently acted as a commission.

In Germany, Bismarck brought about a tariff commission in 1879 which began the general protective policy of that country on behalf of agriculture and industry. The German tariff commission of 1898-1902, consisted of thirty members, representing industrial, trade and agrarian interests, twenty-one of the thirty being protectionists in principle. An elaborate and careful process of investigation and comparison on a scientific basis enabled this commission to receive and tabulate replies from 50,000 manufacturers.

On the basis of these figures, the new German tariff law was formulated and enacted. The industrial progress of Germany in recent years is admittedly due to her method of tariff making through a commission.

**Senator Poindexter, Washington**

*Editor of THE NATION'S BUSINESS*—I do not think that a Permanent Tariff Commission without administrative powers would come any nearer to meeting the needs of the situation in the domain of the tariff than an Interstate Commerce Commission without power to fix railroad rates would in the field of railroad regulation. The imperative economic need of such an administrative system is demonstrated by the fact that circumstances and conditions of trade and manufacture are in a state of constant flux, so that a set of tariff schedules in a state of fixed rigidity are wholly inadequate to meet the just needs and necessities of these fluid and fluctuating conditions with justice either to the country or to the special interests involved. I am delighted to know that the Chamber of Commerce of the United States and THE NATION'S BUSINESS are getting back of the tariff commission proposition. I am for a tariff commission, with or without the powers which I have mentioned, because I am so satisfied that, once established, the needs of such administrative power will become evident, that I am rejoiced at any prospect of the creation of a commission at all.



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MILES POINDEXTER.

Seattle.



# American Trade in China: What are Its Chances?

## An "Opportunity Unparalleled" for American Capital and Enterprise

By JULEAN H. ARNOLD

*Commercial Attache of the Bureau of Foreign and Domestic Commerce at Peking, China.*

(At the time of his transfer to the position of Commercial Attache, Mr. Arnold was Consul General at Hankow. He speaks Chinese in its various dialects, has traveled throughout the Republic of China on special commercial duties and has been stationed at Dalny, Foochow, Shanghai and Chefoo.)

THE opening years of the twentieth century marked the lowest point of American commercial interest in China. Factors now at work make it appear that the tide of American influence is rising.

Our acquisition of the Philippine Islands has played no small part in directing the attention of America to the Orient and the attention of China to the American Occident. Thousands of our people have gone to this insular possession in military, civil, and commercial capacities, and many more at home have had their thoughts turned Orientward by our labors in these islands. The United States may well be proud of the work being done there by her people, for in the Philippines, as elsewhere, the little red school-house follows the flag. Throughout China we hear of the remarkable educational work of the United States Government in the Philippine Islands. Several years ago, the Viceroy of Szechuan exhibited such a keen interest in this work as to request that he be furnished with a full set of the textbooks in use.

### The Panama Canal a Large Factor

The construction of the Panama Canal is another factor helpful to American trade development in the Orient. A few years ago a delegation of business men representing the Affiliated Chambers of Commerce of the Pacific Coast came to China on a mission of friendship and trade. They exceeded their most sanguine expectations as far as the first object of their mission was concerned, but accomplished little in actual trade promotion. The Pacific Coast is a jobbing rather than a manufacturing center, and, aside from lumber, flour, canned fruits, petroleum, and a few other local products, does not offer much at present for the markets of China. The trade in manufactured articles that could be advantageously marketed in China is largely an Eastern States trade, and the Panama Canal offers New York and Pittsburgh direct connection with the Orient. The Canal may also give the Pacific coast cheap labor from Europe and in that way develop a West-coast industrial system that will be in an especially favorable position to supply the needs of the Far East.

### The Ever Increasing Interest in Foreign Trade

The greatest factor, however, contributing to our foreign trade prospects in China as well as in other parts of the world is our manufacturers' need of foreign markets. From all sections of the country we hear of new trade organizations or committees directly interested in foreign trade. The Chamber of Commerce of the United States of America, the National Foreign Trade Council, the American Asiatic Association, the organizations concerned with South American trade, the Manufacturers' Export Association, the recently created foreign trade committees of numerous American Chambers of Commerce, and the enlarged activities of the trade-promoting agencies of the Government, such as the consular and commercial attache services and the Bureau of Foreign and Domestic Commerce—all bear witness to the new impulse toward the winning of foreign markets for American manufactures, and represent the initial steps toward the organization of this world-wide field for American enterprise.

One result of the activities of trade associations throughout the country is seen in the trend of recent legislation. Our new banking laws contain provisions designed to promote foreign trade. The recent government Ship-Purchase Bill had this object directly in view. The agitation

for changes in our anti-trust laws to permit certain combinations in the pursuit of foreign trade shows the interest awakened in foreign trade possibilities. The improvement in the consular service during the last decade and the creation last year of the commercial attache ser-



OUR COMMERCIAL ATTACHE IN CHINA WHO SEES GREAT POSSIBILITIES FOR AMERICAN TRADE  
(Julean H. Arnold, Commercial Attache at Peking, of the Bureau of Foreign and Domestic Commerce)

vice are due to representations made to Congress by American trade organizations. Consult the files of THE NATION'S BUSINESS or other publications of commercial bodies and you will see how much thought the various business communities are devoting to the subject of legislation affecting foreign trade.

### Are We Neglecting the Chinese Field?

Americans in China have been heard to criticize our manufacturers and bankers at home for focussing their attention so closely on South America that they fail to heed the call of opportunity in the Far East. Whichever field will yield the greater profit to those who may introduce and extend the use of American manufactured products, it is true that the far eastern republic has immense undeveloped resources and a peace-loving, industrious, and hardy population, which is eight or nine times as great as that of

the whole of South America. Moreover, Americans have a valuable asset in China, the good will of the people. I have traveled all over this vast country and have found that no people on the face of the earth occupy a warmer place in the hearts of the Chinese than do Americans. For this friendly feeling we may thank our 2,500 American missionaries, with their schools, hospitals, and chapels in the most remote sections of the country; the fact that we took no part in the billion-dollar opium imports into China and that we have not made war upon her nor exacted from her territorial concessions; our adherence to the open-door policy, and especially the remission by the United States of a considerable portion of the Boxer indemnity. A delegation of Chinese business men recently toured the United States\*. This visit should do much to increase American interest in the Chinese.

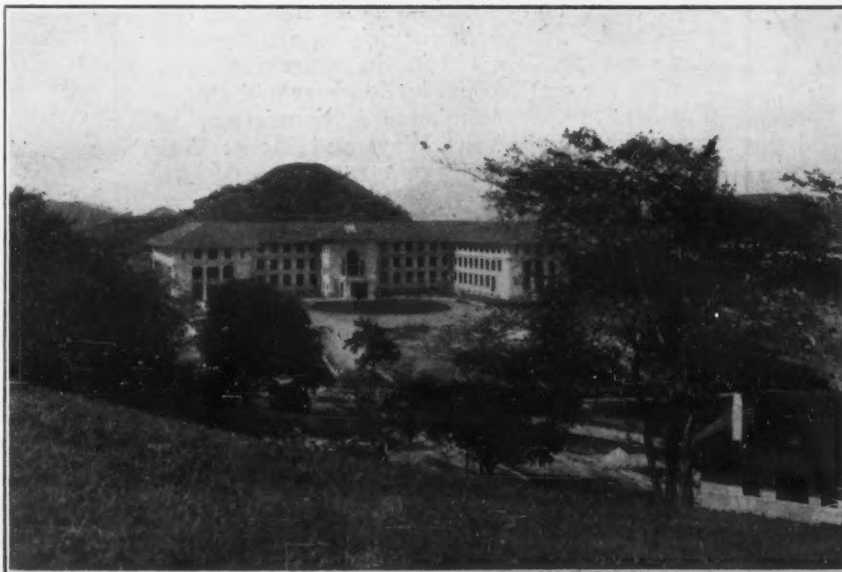
### The Awakening Interest in China

We have in Shanghai 75 essentially American firms and an American population of about 1,500. Each Wednesday, under the leadership of the American consul general, 50 to 100 Americans sit down to a business men's luncheon, during which a number of short talks are given. At the last luncheon the president of a Washington bank, who is visiting China, gave a talk on the Federal Reserve Bank. A United States Senator, an American Admiral, a shipowner, and commercial and manufacturing representatives visiting the Orient have favored this club with interesting addresses. An American Chamber of Commerce is being organized at Shanghai which will do much for American interests. One of the handicaps under which American trade in China has labored is a lack of organization. It is hoped that with the inauguration of this luncheon club and the American Chamber of Commerce this handicap will soon be removed.

About 80 per cent of the American trade in China is handled by other than American firms. Very little direct business is done between merchants abroad and Chinese firms. It is almost as true to day as it was when Christopher Columbus tried to go to the Orient, that the only way to have trade with the Chinese people is to come and get it. When I was consul general at Hankow, I asked a number of Chinese merchants why they were not doing business with the United States. The invariable reply was, "The United States has no import and export houses in China." The Germans and the Japanese have. They do not sit in their Shanghai offices waiting for trade to filter through their "compradores" (Chinese middlemen, or agents), as American merchants in China have been known to do.

### We Must Study the Chinese Market

The American merchant must get closer to the Chinese producer and consumer. He must train men in the language and customs of the Chinese people. He must be willing to make substantial outlays for advertising and for soliciting business. He must learn to quote prices c. i. f. Shanghai; the Chinese buyer wants to know what goods will cost laid down in his shop, and not in New York nor in Podonk. He must adapt his goods, where possible, to the peculiar demands of the Chinese market, as the Germans and the Japanese are doing. For example, Chinese druggists often want in 2, 4, or 6 ounce bottles, drugs that American exporters persist in putting up in pint bottles. A few Chinese characters on a label will often help to establish a market for articles that might otherwise find a very limited sale. The Chinese dealer attaches great import-



THE ADMINISTRATION BUILDING AT PANAMA—THE GOVERNMENT'S POST AT THE "HALF-WAY HOUSE OF AMERICAN TRADE ON ITS WAY TO CHINA"

\* See articles in THE NATION'S BUSINESS for May and July.

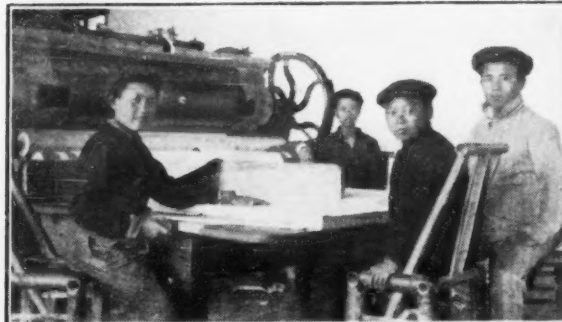


ance to the "chop," or trade mark, which, once established, has in itself a distinct value and which, to prevent imitations, should be registered through the consulate general at Shanghai and through the embassy at Tokio.

#### Shipping and Banking Facilities Needed

Generally speaking, American manufacturers would do well to place their China agencies with American firms. Some American articles have been successfully marketed by European firms in China but for the most part, these articles have not competed with manufactures of the country holding the agency. Moreover, European firms in China have been known to accept American agencies to keep the goods they represent out of the market.

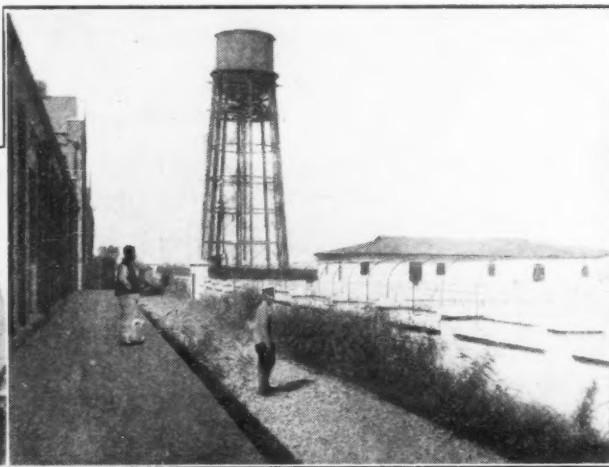
American trade in China is hampered by the



A modern paper cutting and stacking machine at the Government Mill, Hankow.

the channels of trade and lend a great impetus to native industry and commerce.

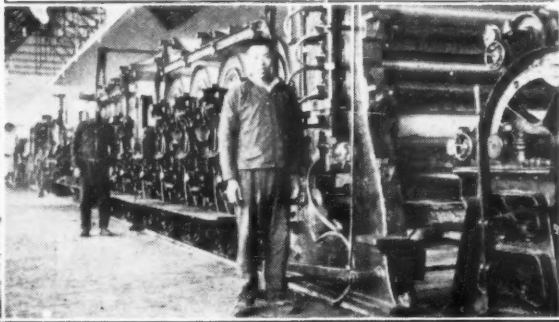
President Yuan Shih Kai is displaying remarkable ability in giving the country peace and order, which was conspicuous in the recent Japanese negotiations. We are looking for substantial constructive reforms from the President, who undoubtedly appreciates the absolute necessity of encouraging native capital and industry, if the country is to prosper. At present foreign enterprise and capital receive more consideration and encouragement than native, owing to the fact



View of the Water Tank at the Government Paper Mill showing two Chinese workmen.

goods net upward of \$125,000,000 annually, compared with only \$22,000,000 in 1883. Mr. Ralph M. Odell, commercial agent of the Department of Commerce, who has been in China for the past ten months studying the cotton situation, states that American manufacturers can compete successfully in a number of cotton fabrics hitherto furnished by other countries, particularly grey and white shirtings, poplins, Italians, and cotton prints. China takes each year about \$10,000,000 worth of aniline and synthetic dyes, which she cannot now obtain. If the United States should succeed in building up a dyestuff industry, the future may see in China an outlet for a possible surplusage.

In exports China offers teas, silks, beans and bean oil, sesame and sesame oil, peanuts and peanut oil, eggs and egg products, wood oil,



The Complete American paper Cutting Machine at the Government Paper Mill, Hankow.

THE NEW CHINA, WELL ON ITS WAY TOWARD THE TRIUMPHS OF MODERN INDUSTRIALISM—THE GOVERNMENT PAPER MILL AT HANKOW

lack of adequate shipping facilities. I am informed by a tea exporter in Shanghai that Japanese ships are reserving 80 per cent of their tea space for Japan teas. Since Japanese ships occupy an important place in freight transportation across the Pacific, it is readily seen that such action will work a hardship on exporters of Chinese teas to the United States. British ships, on the other hand, require statements from shippers of all nationalities that their cargo has no connection with German firms. The only way to meet present conditions is to operate a goodly number of ships under the American flag.

In banking facilities, again, American trade in China is at a disadvantage. British, German, Japanese, Russian, French, and Belgian interests in China are better served than American by banks of their respective nationalities. The only American bank in China, on account of its limited capital, pursues a very conservative policy and can not give the best service to American interests because it has no well trained Americans on its staff.

At the outbreak of the war, certain American manufacturers withdrew all credit consideration from their Chinese customers on the plea of the "conflagration in the East." No "conflagration" has existed in China since the beginning of the war; in fact, at no time has there been reason for such drastic action. Our people in the United States do not realize that, while China has recently gone through a revolution, a rebellion, and a crisis with Japan, foreign interests have suffered little. All direct losses incident to the revolution and rebellion were indemnified and instances of attacks on foreigners were rare.

#### Chinese Financial Integrity

Americans fail to realize that China has never in her history repudiated foreign obligations. I am informed that the national debt of China is only about \$800,000,000 gold, or \$2 per capita. In spite of the enormous financial losses incurred by the Chinese through the abolition of the opium trade, in spite of the \$25,000,000 lost in the Shanghai rubber speculations of 1910, in spite of the tens of millions of dollars' worth of property losses in the revolution and the drawbacks due to the European War, China's financial position is better now than before the war started, for she has had to depend on her own resources and since July, 1914, has successfully floated two large internal loans. In this connection due credit should be given to Sir Richard Dane, through whose reorganization of the salt gabelle the revenues from this source have been increased several fold and now exceed those from the Maritime Customs. In the Shanghai banks, foreign and native, lies a sum of more than 100,000,000 taels (\$55,000,000), which is nearly ten times the normal deposits and which, as the conditions resulting from the upheavals of the last few years revert to normal, will flow back into

that foreign nations enjoy extraterritoriality in China. Chinese merchants were not indemnified, as foreign merchants were, for losses caused by the revolution and rebellion. The most pressing needs of the country are a uniform currency system, an effective commercial code aimed at assisting corporate enterprise, and the abolition of internal restraints on trade.

#### How the War Handicaps Our European Competitors

The European nations that have played so important a part in commercial and industrial development in China are unable to continue their leadership in that development during the continuation of the European war. Japan's trade with China is also seriously affected. For American capital and enterprise, therefore, China presents an opportunity unparalleled in our relations with that country, especially since

vegetable tallow, hides and skins, antimony, lead, tin, zinc, iron ore, and coal. The lack of ocean tonnage, combined with high freight rates, is the greatest barrier at present in both the import and the export trade; but these conditions will undoubtedly be remedied with the end of the war.

#### Our Opportunity a Vast One

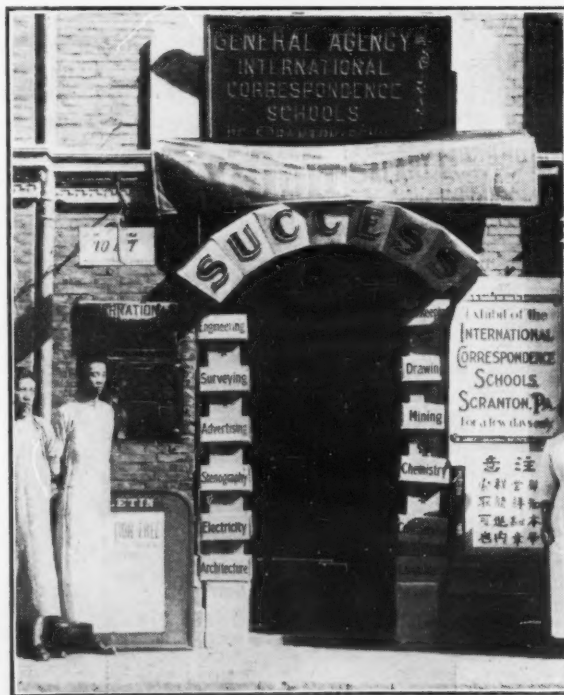
This oldest and most populous of living nations is among the youngest in the development of her natural resources. The United States supplies only 8 per cent of China's imports. The Chinese people are anxious for that percentage to increase, and cordially invite American capital and American brains to come to China. On this side of the Pacific the American consuls, the commercial attache, and the Americans engaged in business are ready to do their part in getting for the United States the rich prize of China's trade, and at home the Bureau of Foreign and Domestic Commerce in Washington will lend all possible assistance. But the manufacturers and exporters must organize an aggressive campaign and exploit the Far East as they do their home territory. The time is opportune for the inauguration of big things in American trade with China; but big things require big men, and American manufacturers and financiers must send their big men to this field today, if they would see a fruitful tomorrow.

#### An Industrial Commission for China

ONE of the signs of the times in China, showing how that vast ancient land is coming into line with the rest of the modern world, in the utilization of natural and human resources is the recent establishment of an industrial commission.

This body, we are informed from Peking, will be divided into three "departments," 1, commercial and industrial experimentation; 2, information; 3, exhibits. Each department will be under a chief. There will be a chairman, two vice-chairmen, a secretary and a treasurer. The chairman and vice-chairmen are appointed by the President upon the recommendation of the ministry, and the remaining officers appointed by the ministry.

According to an editorial in the *Far Eastern Review*, the main object of the commission which has already begun to establish branches throughout China, is to "systematically assemble all useful data on the various lines of commerce and industry and to make scientific research and experiments when needed." All information will be "disseminated, that is calculated to stimulate and assist in the building up of Chinese commercial and industrial enterprises as well as to encourage the investment of foreign capital."



AMERICAN BUSINESS ENTERPRISE IS ALIVE IN CHINA  
(Even our methods of correspondence schools have taken root.)

it comes at the crest of a wave of friendly feeling toward the American nation and people.

In mining and railway enterprises, industrial plants and machinery, steel and hardware, cotton piece goods, lumber, drugs, chemicals and canned goods, the Chinese market may be captured by American manufacturers. British electrical machinery, it is said, has advanced 22 per cent in price since the beginning of the war and German machinery is for the present out of the market. China wants cotton mills, glass factories, tanneries, etc. China's imports of cotton



# British India: As a Market for American Goods

Resources, Industries and Commerce of India and How They May be Developed for American Trade

INDIA, Britain's Asiatic Empire,\* is one of the few large countries of the world which has the "open door" for the trade of all the earth. There are no discriminating tariff duties against foreign products, the comparatively small duty being levied for revenue only. The British Government permits all countries to trade with India upon the same terms as the United Kingdom itself. Indeed, Americans may carry on business with British India on more favorable terms than with the self-governing British commonwealths, Canada, Australia and New Zealand, which give trade preference to the mother country.

## India's Vast Area and Government

India has an area of a little more than half that of the United States. Approximately two-thirds of this is under direct British rule, the remainder comprising native states, "advised" by a British resident. Subject to general control by the Secretary for India at London, the Viceroy at Delhi (Simla in the summer) has supreme control over the general affairs of the Indian Empire.

There are departments of Finance, Commerce, Home and Foreign Affairs. Revenue and Agriculture, Army Regulation, Education and Public Works. The Department of Commercial Intelligence is still located at the great port of Calcutta, the largest city in India, and formerly the capital.

There are, according to the latest available census figures, some 315,000,000 people in India. Ceylon, often referred to as part of British India, is an island, a crown colony by itself, with a separate administration. Burmah, however, although separate geographically, is politically under the same administration as India, as are also Aden and Arabia. Baluchistan is under the control of an Indian agent. On the Indian peninsula are two remnants of former large Asiatic colonies of France and Portugal—Pondicherry, French, and Goa, Portuguese.

## Influence of Climate and Religion on Trade

The climatic conditions in India have a considerable effect on trade. There is very little rain except during the monsoon season. Many famines have been due to the failure of crops because of the aridity of the climate, although irrigation is counteracting this. In general, it may be said that the hot climate requires cotton to be the leading material for apparel and this fact accounts for the enormous importation of cotton piece goods.

In India religion has an important bearing on trade, lying so close as it does to the everyday life of the people. The Hindu religion regards the cow as a sacred animal, and forbids the use of grease. To a Hindu it is a fearful sacrilege to kill a cow and under no circumstances would he use in trade meat, tallow or hides. Articles of this sort should be labelled.

There are great extremes of wealth and poverty in India. The native princes are extremely rich and have fine palaces and much jewelry. The great masses of the people earn scarcely more than three American dollars per month.

The Hindus are all vegetarians and some castes will not even eat fish. About 95 per cent of the people, generally speaking, and nearly all the women are illiterate.

## Cooperative Credit and its Benefits

Perhaps the most significant feature in the economic development of India has been the rapid spread of the cooperative credit movement. Within the past decade, there have grown up in the peninsula more than 12,000 cooperative societies with nearly 600,000 members, having a working capital of more than \$15,000,000. In

its application to agriculture, this has rendered several important improvements possible and it is estimated has already benefited more than 6,000,000 of people. The cooperative societies receive a certain amount of government help in allowance and government regulation of their

holdings. The foreign trade of the country, however, is carried on largely at the large seaport cities of Calcutta, Bombay, Madras and Karachi. Some of the interior cities such as Cawnpore, have an industrial importance.

Calcutta and Bombay together do three-fourths of the overseas trade of India. The jute mills of the former are largely in European hands, while a large proportion of the cotton mills of Bombay are controlled by Indian capital and have Indian managers. There is a large export trade of wheat from Karachi and a considerable business in rice at Rangoon. Calcutta is especially noted for its export business in jute, its best customers being the United States and Australia. Near Calcutta are the Tata iron and steel works, at Sakchi, known as the Pittsburgh of India.

Bombay trades in cotton and grain chiefly and is a distributing point. Its Port Trust (under a chairman appointed by the government, but made up of representatives of local commercial interests) supplies excellent facilities. Madras deals in cotton, tobacco and spices. Karachi exports wheat and barley; Simla, the summer capital, is the tourist center; Cawnpore is the leading industrial center, with factories for leather, cotton and woolen goods and boots and shoes; Delhi is noted for its native industries in the manufacture of jewelry, brass and copper work and ivory carvings; Lahore is a center for the distribution of agricultural implements and a tourist resort.

In Ceylon, which does an enormous export business in tea, rubber and drugs, and an important trade in cotton piece goods, machinery, fertilizer and hardware, Colombo is the capital. Aden, although in Arabia, is under the jurisdiction of the government of India. It is the center for the redistribution of American and European goods destined

for ports of Arabia, the Sudan and for Italian, French and English colonies. It imports principally cotton goods and petroleum. The United States now ranks third in its imports and first in the exports.

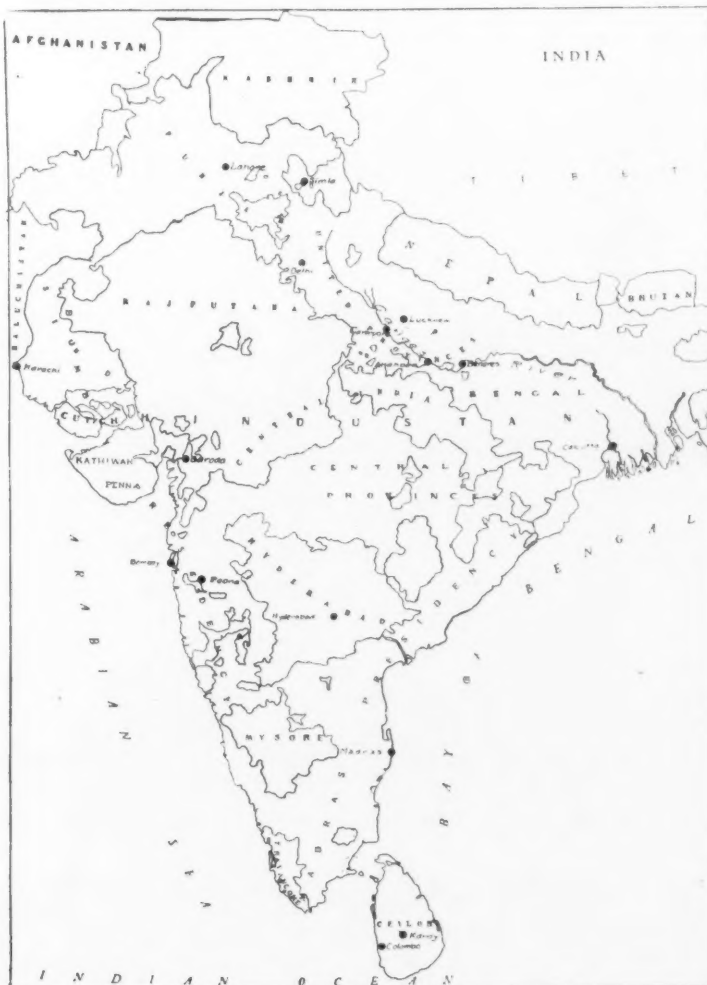
Present day development in India has for one of its most important features a generous attention to sanitation and to the improvement of streets and living houses. A great deal of improvement is being done in congested districts largely under what is known as "improvement trusts" inaugurated in Bombay in 1898. One of the features of the work of the Bombay Improvement Trust is the erection of workmen's tenements, known as "chawls," simple and cheap rows of buildings of reinforced concrete with iron fittings, giving fine opportunity for light, ventilation and sanitation.

## The Railroads and What They Offer to Our Trade

The railway systems of India are owned either by the state or controlled by the native states and operated by independent companies. The total mileage of state-owned railways in India is about 25,000 while that controlled by the native states is about 8,000. The state railways' purchases are usually made in England, but occasionally supplies are imported from other countries. Recently, for example, the railway board imported for experimental purposes creosoted Oregon pine sleepers. The average tonnage of goods moved on Indian railways is estimated at 78,000,000 a year. The Indian railways build very few complete engines and coaches, although shops are now being erected at various points. The locomotives in use are imported largely from the United Kingdom. The street car, or tramway systems of the larger cities are being extended. Before the war there were six lines of steamers from Europe to India through the port of Bombay.

## Hydroelectric Development in India

The advantages of electricity for power and light are now fully understood in India, although



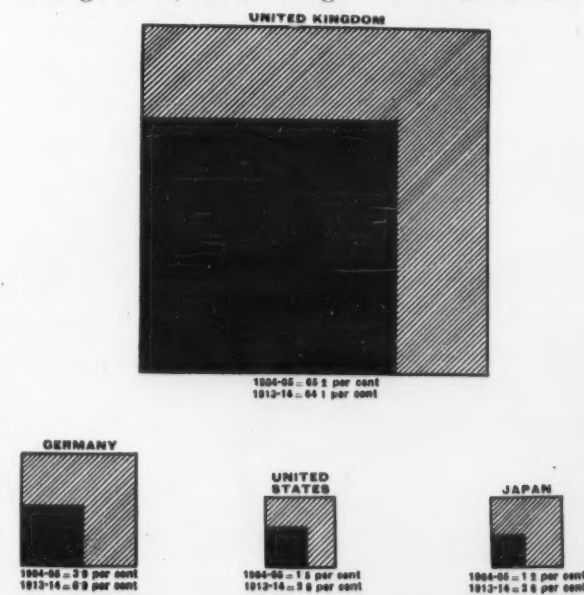
BRITISH INDIA AND CEYLON AS A MARKET FOR AMERICAN GOODS

affairs, which includes the auditing of their accounts. This gives them a quasi-public standing which makes for confidence.

While the mass of the Indian people are illiterate, education is spreading rapidly. Industrial schools dot the country, some of them maintained by the government, others by municipalities or local boards. Books are mostly supplied from England, although there are some American text books in the schools.

## The Cities and Their Trade Importance

The majority of the people in India live, not in large cities, but in villages and on small land



HOW BRITAIN, GERMANY, THE UNITED STATES AND JAPAN FIGURE IN THE IMPORT TRADE OF INDIA (The figures of 1913-14 as compared with those of a decade before, and the percentage of total import trade in these years—the share of 1904-05 is shown in black and the increased share of 1913-14 by hatching.)

\* Based on data in a recent volume issued by the Bureau of Foreign and Domestic Commerce, "British India, with notes on Ceylon, Afghanistan and Tibet," compiled by Henry D. Baker, formerly American Consul at Bombay, now Commercial Attache at Petrograd.





MISCELLANEOUS FREIGHT FROM KANDAHAR, AFGHANISTAN, BOUND FOR INDIA  
(Waiting railway shipment at New Chaman, Baluchistan.)

there is as yet practically no machinery manufactured in the peninsula. There are water power plants at Bombay, Mysore, Darjeeling, Simla, Kashmir and other points. The most important is undoubtedly the Tata Hydro Electric Power Supply Company, Ltd. This enterprise cost more than \$2,000,000. It began supplying energy—some 60,000 horsepower, in February of the present year. Contracts have been signed for supplying to 31 cotton mills and three flour mills. This hydro electric project, the largest in the world, was organized by an enterprising Indian capitalist and industrial promoter, and the financing was done largely by the native royal families. Practically all the electrical equipment for this and other plants came from the United States.

The Indian tariff is low and simple. All dutiable imports are on the five per cent list with the exception of certain special articles. Cotton manufactured goods are imported at a three and one-half per cent duty. The absolutely free list includes hardware, metals and manufactures of metals. The only export duty is on rice.

#### Possibilities of Trade With Such a Vast Population

During the official year 1913-1914 British India purchased from the United Kingdom goods to the value of slightly more than \$381,000,000; from the rest of the British Empire to the value of \$34,000,000, from Germany \$41,000,000, and from the United States \$15,000,000. American business indeed controlled only 2.06 per cent of the trade of British India, and the value of American products consumed in the peninsula is less than four cents per capita. A good deal of the trade of British India with the United Kingdom probably includes goods imported from other countries which England imports and then exports to India. Generally speaking, the Hindus are not controlled by sentiment in purchases. The main thing to be considered is the question of not how good, but how cheap.

Many articles which have enormous sale in India are so poor in quality that American manufacturers might be ashamed to have their names attached to them. European nations, however, make articles down to the low level of the Indian market and there seems to be no reason why American merchants should not do the same thing. While the individual purchases of foreign goods of the 315,000,000 people of India average less than \$2.00 a year each, in the aggregate such purchases are enormous.

The average native buys only the barest necessities of life, something to eat chiefly, something to wear and a few tools to work with. In his diet he is usually a vegetarian according to his religion, and his food is largely made up of cereals grown in his own country, and sugar. So enormous is the consumption of sugar that, although India itself produces 2,500,000 tons annually (more than any other country in the world), \$40,000,000 worth is imported annually. The Hindu buys for

his food, when he can afford it, certain dairy products, chiefly a good deal of clarified butter or "ghee," as he calls it. For this, it is suggested by the Department of Commerce, American cottonseed oil preparations might be substituted.

#### The Needs and Preferences of the Hindu

The Hindu wears chiefly cotton cloth wound loosely around his body and over his head. There are, however, so many of him (and her) that, in cotton manufactured goods alone there are imported from the United Kingdom \$220,000,000 worth a year. The Hindu's necessities or special luxuries include paper, cutlery, hardware, glassware, cooking utensils and various kinds of vessels made of copper, iron and aluminum. A little later when his standard of living rises, he becomes a good customer for cheap soaps, shoes, watches, clocks and other small wares which Americans could supply as well if not better than the merchants of other nationalities.

There are, however, nearly a million people in India whose standards of living are higher. They include the European and American population, officials, merchants, missionaries, officers of the army, Indian princes and the nobility, and the large land owners. These all frequent the department stores in the large cities and buy the same sort of goods as their class does in Europe and America. They buy motor cars—many, when you consider how comparatively small their class is. As yet American manufacturers have supplied very little to this class. The Department of Commerce, however, believes the government offices, the railways and the building and engi-



A TYPICAL SCENE ON WEEKLY BAZAAR DAYS IN HUNDREDS OF TOWNS IN INDIA

(These weekly bazaars are the chief agencies of commerce in rural India and play a large part in the domestic economy even of the cities. They could be made centers of distribution for large amounts of American goods.)

neering firms would buy American iron and steel goods, typewriters, machinery and tools of various sorts if they were approached in the proper way.

#### The Problem of Getting the Trade

There are many difficulties in the Indian market, none, however, which could not be overcome if American firms had direct selling agencies in India. Advertising is necessary. Small pictorial advertising has exceptional value. Most of the Hindus cannot read nor write, but they understand pictures, and trade-marks mean a great deal to them. Moving pictures and pictorial trade-marks are recommended to get American goods before the Hindu public. The Manager of the Library Department of the native government of Baroda states that he will be glad to receive films advertising products of foreign countries and exhibit them to other states free of charge.

In addition to the necessity for having high grade commercial travelers, American merchants should be careful to send goods properly packed for tropical countries, always keeping particularly in mind the effect of climate. During certain seasons moisture, very favorable to the growth of mildew on leather, paper or manufactured goods, will also quickly tarnish metals and render food unfit for consumption in a few hours.

The government of India renders a good deal of assistance to trade, the Post Office Department being an especially important factor in the eco-



A NATIVE HINDU TAILOR AT WORK

(His tent in day time is used as a bed at night.)

nomie development of the country. It conducts a parcel post, the telegraph and telephone systems, and collects money for articles sold on the "value payable" (C. O. D.) system. It maintains a life insurance branch and looks after the disbursement of pensions to native pensioners. Finally it sells quinine in the malarial districts.

An interesting development of the increased construction of large buildings in India has been the ever expanding use of American reinforcing steel and of various American roofing materials. Roads also and road making materials including machinery for that purpose, offer a market and American goods are in great favor. The municipal governments of the larger cities, particularly Bombay, are increasing the lighting facilities of the cities and equipment for electrical and gas light systems is in demand. As might be expected in this land of much cotton, there are enormous fire losses in India, and automatic sprinkler devices, the Department of Commerce thinks, might find a ready market there.

There is no branch of trade in India in which American manufacturers have made more increasing progress in recent years than in motor cars. During the year 1913-14 Great Britain supplied automobiles to the value of more than \$2,000,000, the United States to nearly \$700,000, with all other countries following far in the rear. American agricultural motor-driven cars are in particular favor.

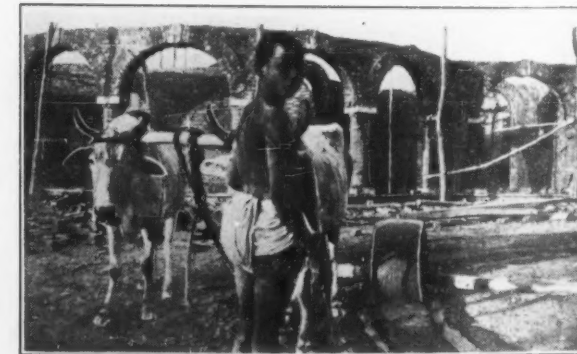
The Department of Commercial Intelligence of the India government in recent bulletins indicates that there is a large market in British India for American iron and steel goods and different hardware products.

The data collected by the Department of Commerce shows in cotton goods that there is an enormous opportunity. This material will be published later in a separate monograph. Every year, we are informed, the Hindu people use more soap and toilet preparations, and the people are "very favorably impressed with American products in this line as they are also with American drugs and chemicals and leather goods."

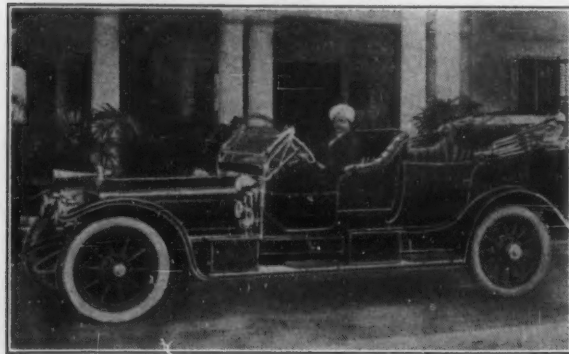
While the ignorance of the people of India in regard to mechanical appliances and their traditional conservatism concerning improvements that preserve labor, make them slow to adopt farm implements from abroad, there is no doubt that at present and in the future there will be a "tremendous opening for the introduction and sale of agricultural machinery and implements."

#### Some Final Words of Warning

The Department of Commerce report leaves the American business men with two words of caution regarding India. Do not, it says, sell direct to native houses, but leave that task to the indenter (or go-between) who makes it his business. Finally, be sure that goods are always plainly marked "Made in the U. S. A."



PRIMITIVE INDIA—THE METHOD OF MIXING MORTAR FOR BUILDING PURPOSES



HIS HIGHNESS, THE MAHARAJAH OF MYSORE, IN HIS AMERICAN TOURING CAR



# Promotion Work of the British Board of Trade

## How Britain, Without a Ministry of Commerce, Furthers the Trade of Her Citizens

By A. H. BALDWIN

*American Commercial Attache in London, formerly Chief of the Bureau of Foreign and Domestic Commerce*

THE parallel is very close between the actual activities maintained by the British Empire for the promotion of its commerce at home and abroad and similar service by the United States Government for fostering American trade. The official organizations utilized in the two countries for developing this work, however, differ materially. There has not yet been established in Great Britain a Ministry of Commerce, although it is significant that current discussions of commercial matters now often contain the suggestion that such a ministry should be authorized by Parliament at the earliest practicable date. Such a department, it is thought, would co-ordinate and render more effective the present somewhat unrelated activities which constitute the trade promotion service of the Empire and are carried on in several different departments of the government.

### Scope and Personnel of the British Board of Trade

At present the major part of these activities is under the general supervision of the British Board of Trade. The practical administration of the Board is in charge of a Permanent Secretary (the Hon. H. Llewellyn Smith). The President of the Board, the Rt. Hon. Walter Runciman, is a member of Parliament.

The Board of Trade maintains close relations with other branches of the government, including particularly the Foreign Office, the Colonial Office, the India Office, and the many organizations which represent the self-governing colonies and the other subdivisions of the British Empire. The Board is naturally also in intimate relations with British chambers of commerce both at home and abroad.

The branches of service which are under the direction of the President of the Board of Trade, aside from its commercial promotion work, are:

- (1) The Legal Department.
- (2) The Standards Department.
- (3) Labor Exchanges and Unemployment Insurance Dept.
  - (a) Trade Boards Office.
  - (b) Census of Production.
  - (c) Exhibitions Branch (labor matters).
- (4) The Patent Office—covering patents, designs and trade-marks—with a Trade Marks Register and Designs Branch at Manchester.
- (5) The Railway Department (under an Assistant Secretary), with the London Traffic Section and the Light Railways Commission.
- (6) The Companies Department.
- (7) The Mercantile Marine Service.
- (8) The Bankruptcy Department.

The compilation of trade statistics also is largely provided for in the Customs and Excise Department, which is aided in this work by the cooperation and advice of the Board of Trade. It should be noted that there is a very limited free distribution of government documents in Great Britain.

The headquarters of the Board of Trade are located in government buildings in Whitehall, lying between the east side of that street and the Thames. The offices of the Permanent Secretary and the Commercial Department are in

Gwydyr House and in the scattered buildings in the immediate vicinity. A new home for the Board is soon to be built, plans having been recently approved. The cost, it is understood, will be about \$1,300,000.

### The Commercial Intelligence Branch

The employees in Whitehall, whose services could properly be charged to trade promotion work, are comparatively few in number. It has been impracticable to obtain a completely definite statement in regard to this detail, but it is probable that not more than fifteen or twenty clerks are ordinarily allotted to this service. The editing and compiling of statistical and tariff information are mostly taken care of in the Whitehall offices.

developed an Exhibition Branch which is now especially active.

In view of the special trade conditions brought about by the war, there has been a vote of credit by Parliament of sums upon which the Board of Trade is permitted to draw in order to maintain special trade promotion services on behalf of British commerce, and, particularly, to aid British manufacturers and exporters to take over as much as possible of the overseas trade of foreign nations which is now interrupted.

### A New Special Service

Supplementing the ordinary exhibits of samples in the branch in Basinghall Street, there has been established a special exhibition room nearby, in Cheapside, where trade exhibitions are being held at frequent intervals. Where this hall is inadequate, other exhibition halls available to the Board of Trade are being used. For example, a recent display of foreign silverware was established in the Goldsmiths' Hall, a building controlled by one of the famous London guilds.

Some of the samples and exhibits for these shows are obtained by special instruction from consular and other foreign representatives of the government. In certain of the recent displays of the classes of products heretofore sold by foreign nations in competition with British manufactures, samples of these foreign goods were secured from English importers.\* At the same time, British manufacturers were invited to cooperate by placing

samples of their own competing products in parallel exhibits. Circulars to domestic purchasers and possible purchasers for the foreign markets were then sent out, and notices were printed in the daily and trade papers, giving publicity to the opportunity to view these articles. Classes of products are being taken in turn, and exhibits have already been held of manufactures of stationery, of furniture, of hardware, and of toys; and other important exhibitions are planned for the immediate future. In general, these displays are not open to the public. They are intended to be viewed only by British manufacturers and merchants.

In connection with this new development of the exhibition section of the Commercial Intelligence Branch, the Board of Trade has prepared a large number of special confidential circulars and bulletins, analyzing the character of the exports of competing enemy countries, and pointing out in detail the volume and special features of the commerce which should particularly interest the British commercial public. These circulars and bulletins are not distributed to the public.

### Sources of Trade Information

The sources of the trade information distributed by the Commercial Intelligence Branch are very similar to those utilized by our own Bureau of Foreign and Domestic Commerce. Diplomatic and consular officers transmit a large proportion of the commercial reports and records of trade opportunities which are issued. The latter officers, however, send trade reports direct to the Commercial Intelligence Branch, and that office is also in direct correspondence with consuls. It is

\*For a detailed study of this plan see "What Britain Is Doing to Capture German Trade" in THE NATION'S BUSINESS for April, 1915.



Photograph from Underwood & Underwood.

RT. HON. WALTER RUNCIMAN  
President of the British Board of Trade

HON. A. H. BALDWIN  
American Commercial Attache at London

The Commercial Department of the Board of Trade maintains, in the heart of the city, a division called the "Commercial Intelligence Branch." It is this branch of the Board which is most similar to the Bureau of Foreign and Domestic Commerce of the United States in the details of its service for the promotion of foreign trade. This Commercial Intelligence Branch was established in 1899. It is under the immediate supervision of a permanent director, who is aided in his work by a so-called "Advisory Committee on Commercial Intelligence." This committee is composed of four official members of the Board of Trade—including the President, the Permanent Secretary, the Parliamentary Secretary, and the Assistant Secretary of the Commercial Department. It further contains representatives of the Colonial Office, the India Office, and the Foreign Office; representatives for Canada, Australia, New Zealand, and South Africa; and, in addition, fifteen men chosen from commercial life, mainly representing important chambers of commerce.

The Commercial Intelligence Branch occupies office quarters in the heart of the business section of London, on Basinghall Street, within a square of the Guildhall, and only a few squares from the Bank of England, thus being admirably located for the convenience of the commercial public.

A reading room is maintained, where the latest official publications of all countries are accessible, and commercial directories, yearbooks, and trade journals are kept on file. Attendants are on duty to aid in replying to inquiries. There is a sample room for the exhibition of foreign goods which compete with British manufacturers. These exhibits are not very extensive in ordinary times, but, under war conditions, there has been



stated that, in the case of the consuls' annual reports, the Foreign Office approves the manuscript before the reports are printed. The bulk of the commercial reports, however, are evidently handled entirely by the commercial promotion branches of the government, and not by those departments concerned in foreign relations.

No material difference exists between the services of British and American consular officers, although the salaries of consuls apparently range somewhat higher in our own foreign service. Perhaps more use is made of the diplomatic service, as a source of trade reports, in the British organization than in that of the United States.

#### Duties of British Commercial Attaches

The reports from the Commercial Attaches of Great Britain are transmitted, through the Foreign Office, these officers, for some reason, being appointees of the latter office, to which they submit their reports. It may be noted that the situation with respect to these commercial representatives is deemed anomalous here by some government officers.

There are at present apparently eight Commercial Attaches. The districts to which these officers have been appointed are:—France, Belgium, and Switzerland. Headquarters, Paris; European and Asiatic Turkey, and Bulgaria, Headquarters, Constantinople; China, Headquarters, Peking; Japan, Headquarters, Yokohama; Germany, Holland, Denmark, Norway, and Sweden, Headquarters, London; Russia, Headquarters, London.

In the last four cases, the Commercial Attaches make special investigations in the districts to which they are assigned, and also visit commercial and manufacturing centers in the United Kingdom at appropriate intervals. The question of the advisability of retaining the headquarters of these officers in London has been the subject of considerable discussion. Under existing conditions, naturally a number of these officers are unable to visit their assigned districts.

Other correspondents of the commercial branches of the Board of Trade are His Majesty's Trade Commissioners for Canada, Australia, New Zealand and South Africa. These Trade Commissioners have duties almost entirely in the field of trade promotion, and like the Commercial Attaches, they visit the United Kingdom at intervals and are consulted by business men and accorded an opportunity to address commercial organizations.

#### Imperial Trade Correspondents

In addition to these Trade Commissioners, there have also been appointed by the Board of Trade some 65 Imperial Trade Correspondents, stationed in all parts of the Empire. These officers transmit commercial reports and reply to commercial inquiries for the benefit of British Commerce. There are seven of these correspondents in the larger cities of Canada, one in Newfoundland, six in Australia, two in New Zea-

land, sixteen in Africa, five in the East Indies, thirteen in the West Indies, and eleven others in smaller subdivisions of the British Empire, such as Cyprus, the Falkland Islands, and the Fiji Islands. In other colonies and protectorates, Trade Correspondents designated by the governors of such colonies and protectorates act in an honorary capacity.

Occasionally, special Trade Commissioners are appointed for the purpose of making studies in foreign countries, under a system closely parallel to the service of the Commercial Agents in the Bureau of Foreign and Domestic Commerce. The Commercial Attaches are also utilized for service of this character.

#### Methods of Distribution of Publications

In the distribution of trade information, the methods in use here follow very closely the lines of our own service. The Commercial Intelligence Branch being located in London, a great commercial center, it is natural that the number of visitors to that office is much in excess of the number of persons who are in a position to visit the Bureau of Foreign and Domestic Commerce in Washington.

The publications of the Board of Trade for trade promotion are listed in the *Board of Trade Journal* as follows:

Annual Statement of the Foreign Trade of the United Kingdom in vols. I, II, and Supplement. Canada—Report by H. M. Trade Commissioner. New Zealand—Report by H. M. Trade Commissioner. Australia—Report by H. M. Trade Commissioner. South Africa—Report by H. M. Trade Commissioner. Colonial Import Duties Return. Consular Reports Index. Imports and Exports, at prices of 1900. Statistical Abstract for the United Kingdom. Statistical Abstract for the British Empire. Statistical Abstract for the Self-Governing Dominions, Colonies, Possessions and Protectorates. MONTHLY PUBLICATIONS:—Trade and Navigation of the United Kingdom. Trade and Commerce of Certain Foreign Countries and British Possessions. WEEKLY PUBLICATIONS:—The Board of Trade Journal. OCCASIONAL PUBLICATIONS:—Foreign Trade. Imports and Exports (United Kingdom and Certain Foreign Countries). Tariffs (New). The trade statistics are issued in annual and monthly publications.

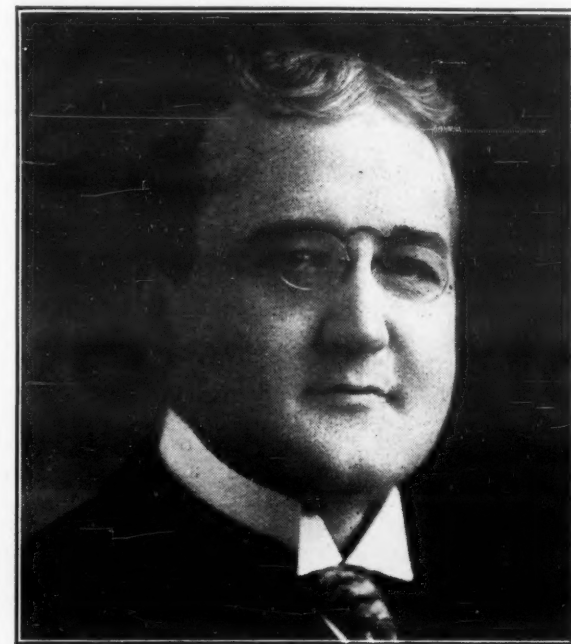
#### Publication of Foreign Tariffs

The work of the Board of Trade with respect to the publication of foreign tariffs is quite similar to that carried on by the Bureau of Foreign and Domestic Commerce. The field of information with respect to trade-marks and patents in foreign countries is, however, more thoroughly covered than has been practicable heretofore in our own work. Two important bulletins on tariff matters are usually issued annually, and current circulars also cover minor changes. An expert is on duty at the Commercial Intelligence Branch to answer inquiries in regard to foreign tariffs.

## A National Budget

THE first referendum taken by the National Chamber was on the question of a plan for a national budget. From every part of the country there came approval. It was practically a unanimous verdict as to the wisdom of having the business of our national government conducted in a businesslike way.

Since that referendum, the idea of a national budget has progressed a great deal toward fuller recognition and approval. One of the most note-



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THE NEW COMPTROLLER OF THE TREASURY, HON.

WALTER W. WARWICK

(He was a member of President Taft's Commission on Economy and Efficiency, our first Government Body to prepare for a National Budget.)

worthy recent achievements in this direction is the adoption by the New York State Constitutional Convention of a scientific executive budget, the first one adopted by any constitutional convention in any state of the Union.

In Congress the subject has more than once come up regarding the necessity of forming a budget committee. This was suggested in the budget message of President Taft, February 26, 1913. To a committee of the National Chamber who conferred with him on the subject late in May, President Wilson stated that he expects to go into the subject thoroughly in the coming session of Congress with a special committee named by the House.

Hon. Henry L. Stimson, Secretary of War in Mr. Taft's Cabinet, and Chairman of the Committee on Finance of the New York Constitutional Convention, in a recent letter to THE NATION'S BUSINESS says:

I believe that the institution of a national budget system is the most pressing reform needed in the domestic affairs of the country. The absence of such a budget lies at the root of our impotent system of military and naval defense. Moneys needed for our army are wasted on useless army posts and moneys needed for our battle ships are wasted on useless navy yards. It is also largely responsible for the extravagance and wastefulness with which the central government spends its money in other directions. In the past we have blundered along without such a budget system largely owing to our youth and enormous resources. Today that period is over. The expenses of government throughout the country have been rising at a far more rapid rate than either our population or our taxable resources. We have been getting comparatively little for the money we have thus spent. The increasing burden of taxation and the increasing demand for more efficient government in every direction makes it imperative that we should develop a budget system.

In connection with the agitation for the adoption of a national budget, it is significant to note the fact that the new Comptroller of the Treasury, Walter W. Warwick, a lawyer, an expert on finance, one of our auditors at Panama, and a specialist in government accounts, was also a member of President Taft's Commission on Economy and Efficiency, which was a forward step in the direction of the adoption of a national budget.

Mr. Warwick, it is interesting to note, has just been appointed by Secretary McAdoo a member of the new Committee on Improvement in the Treasury Department, "with instructions to make a thorough investigation of the entire Treasury service, both in Washington and in the field, with a view to making recommendations for placing the Treasury Department on a more efficient, economical, and modern business basis."



A VIEW OF WHITEHALL, LONDON, WHERE THE BOARD OF TRADE AND OTHER BRITISH GOVERNMENT DEPARTMENTS ARE LOCATED



## Bringing Young Men Into Commercial Bodies

By D. E. MOWRY,

Assistant Secretary, the Madison (Wis.) Board of Commerce.

THE old idea that a commercial organization, to be useful, must be merely a narrow, self-centered, trade organization, interested only in the material side of a city's program, is passing. The feeling is becoming general that business must have a human basis, and that the grade of business will depend upon the grade of its human background. This idea is growing. Civics and commerce must go hand in hand. With this understanding of the functions of a commercial body, there cannot be any doubt that such an organization should interest itself in the young men of the community and take steps to prepare them for the work of promoting and bettering civic conditions.

In order to find out just how deep-rooted this idea is, inquiry was made by the Madison Board of Commerce among some sixty representative organizations in various sections of the country, which brought out the fact that more than thirty-five of these pay no attention to the young men. The high schools, they explained, the Sunday schools, the churches, the Y. M. C. A., the hiking organizations and the Boy Scout movement seem to leave little for a commercial organization to do. Commercial secretaries admit they are

tains an institute membership at \$5 a year, the institute members having all privileges except that of voting at annual elections.

The junior membership, under the proposed plan, would include boys between the ages of 14 and 21, attending high schools. High school principals would be asked to cooperate in suggesting members, based upon scholastic attainments. It is assumed that these boys after leaving school would naturally join the associate membership of the parent organization. Such a system is carried out in Raleigh, North Carolina, and junior organizations have been successfully organized—sometimes for special purposes such as industrial surveys, "clean up" campaigns—by the Board of Trade of Winston-Salem, N. C., the Chamber of Commerce of Altoona, Pa., the Association of Commerce of Chicago, the Du- buque (Ia.) Industrial Corporation, the Grand Rapids (Mich.) Association of Commerce and many others. The Young Men's Chamber of Commerce of Little Rock, which THE NATION'S BUSINESS has described in a preceding issue, and the Young Men's Progressive Business League of Pine Bluff, are particularly good types of the many junior organizations in Arkansas. The

junior organization in Pine Bluff is unique in that it takes in members from 18 to 20 years of age, was organized by the young men themselves and is connected by no bond other than that of cooperation, with any similar organization.

The Canton Chamber of Commerce, in working out the plan of a junior organization composed of high school students who have attained proficiency in their studies, found that the boys work harder at school in order to be eligible to membership in such an auxiliary. The membership card carries certain pledges for the boys, requiring them, among other things, to be loyal

to their city; not to deface fences, or property of any kind, nor use improper language; to protect animals and birds; to learn statistics about their city and discuss them with their parents; to make photographs of unusual conditions or of nice surroundings and show them in the lecture room of the chamber to members of both the junior and senior organizations. It is a popular practice among organizations to give annual "Son's Dinners," the young men of the community being the guests of the active members.

### Cooperation with the Boy Scouts

Taking up the question of a Boy Scout auxiliary, study has brought out the fact that in a number of cities the Boy Scout movement has not attained its greatest efficiency, due to the fact that it has been difficult to keep scout masters in line, and because there has not been a central clearing house organization where activities could be centralized. Had there been such a central clearing house greater co-ordination and interlocking of civic work could undoubtedly have been effected. According to L. S. Dale, National Field Scout Commissioner, "through the chambers of commerce in a number of cities, the boys are interesting themselves in such questions as sanitary survey, 'Safety First,' teaching foreigners to speak English and impressing upon them the duties of citizenship." A common activity of the Boy Scout organization is rendering assistance during conventions of all kinds.

The most striking example of cooperation between the local commercial organization and the Boy Scout movement is in Boston, where the Chamber of Commerce established efficiency badges, to be given to scouts who passed certain examinations. The committee which had this matter in hand suggested that competent scout masters might be secured by showing business

houses that greater efficiency would result in handling men through their experience in handling boys. It was also urged that the efficiency of their boys could be greatly increased by becoming scouts and by forming troops in their own business houses.

A broad commercial organization—a community organization—must help to insure the youths sufficient knowledge of "home opportunities" and "home advantages" to overcome the idea of many of our boys that their home city does not offer sufficient opportunity for them to remain.

Community team-work, through commercial organizations, seems to demand a division and classification of organization memberships, if young men and boys are to be trained for citizenship, if these organizations are to attain their greatest degree of usefulness in the community and if commercial organizations are to become more than mere "trade organizations."

## The "House of Governors"

IN closing the eighth meeting of the "House of Governors," at Boston on August 27, Governor Walsh, of Massachusetts, expressed the opinion that these annual conferences of state executives had already accomplished more than enough to justify their continuance. Notable improvement in the divorce laws of the different states, some traceable effect on the Supreme Court's rate decisions, and all the ideas exchanged—these are but some of the more noteworthy results achieved. The Boston Transcript makes this comment:

Better standing committees, a definite platform of action determined at each annual conference, closer application to work, with less entertainment, could soon make the governors' conference a far stronger factor for progress.

The Conference of Governors, it will be remembered, owes its initiation to President Roosevelt, who called the first meeting at Washington (May 13 to 15, 1908) "to consider the question of the conservation and use of the great fundamental sources of wealth of this nation."

At this meeting the scope of the conference idea was set forth lucidly by Charles E. Hughes, then Governor of the State of New York. Three groups of questions, said Mr. Hughes, are within the scope of these conferences. The first relates to uniform laws, the second to matters of state comity where "if absolute uniformity may not be expected, causes of friction may be avoided and the general welfare may be promoted by accommodating action," and the third, to matters which though of local concern, can be better treated in the light of the experiences of other states.

The second meeting was held at Washington, January 18 to 20, 1910, and considered the state conservation of forests and water powers, and the uniformity of marriage and divorce laws.

The third meeting was held at Frankfort and Louisville, Kentucky, November 29 to December 1, 1910. The subjects for discussion at this meeting were the short ballot, the direct primaries, and the popular election of United States Senators.

The fourth meeting was held at Spring Lake, New Jersey, September 14 to 16, 1911, and discussed employers liability and workmen's compensation, an inheritance tax and the state control of public utilities.

A the fifth meeting, held at Richmond, Va., December 3 to 7, 1912, the principal subjects of discussion were modern penology, the State income tax, and rural credit.

The sixth meeting was held at Colorado Springs, Colorado, August 26, 29, 1913, and discussion was had upon the efficiency and economy in state administration, and the question of a unicameral or bicameral legislatures.

At the seventh meeting, Madison, Wisconsin, November 10, 14, 1914, the uniformity of safety and sanitation laws for places of employment, and state control of natural resources were considered. At this conference, for the first time the recommendations of the Governors were formulated into bill form.

The subjects on the program for the meeting at Boston last month were the relation of the State to national defense, the concentration of responsibility, and the attainment of greater efficiency in state administration, and conservation policies.



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DEPOSITING POSTAL SAVINGS—BOY SCOUTS GETTING THEIR FIRST LESSON IN BUSINESS AND PRUDENT CITIZENSHIP

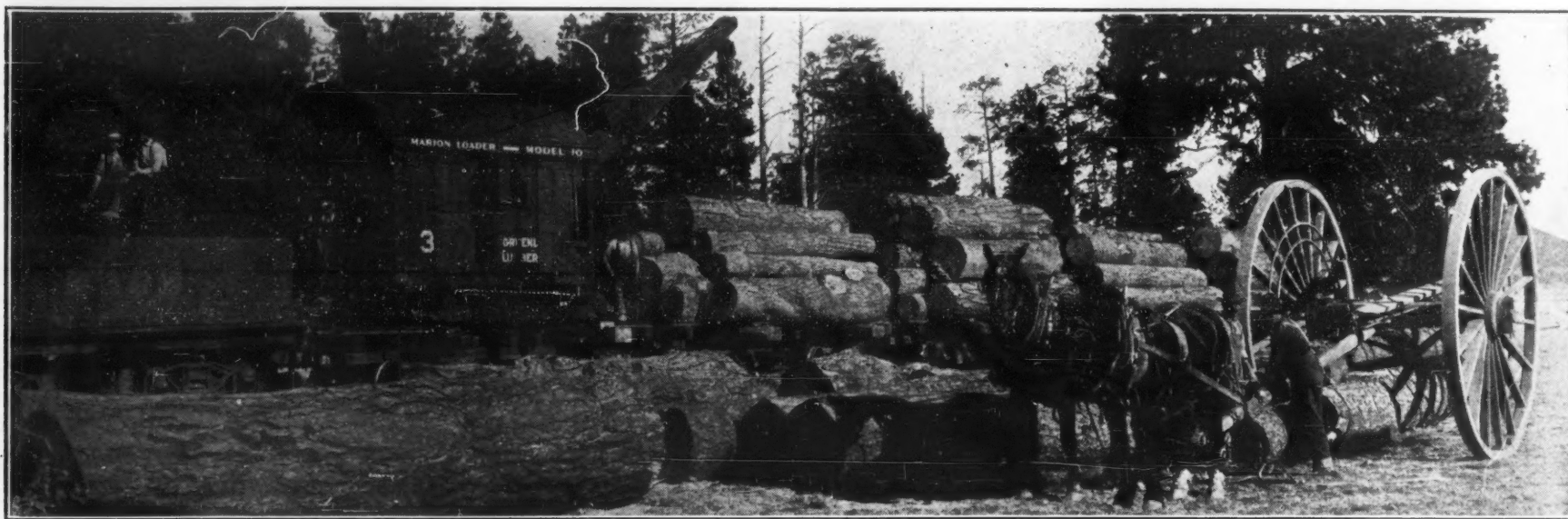
anxious to find some means of cooperating in preparing young men for the responsibilities of citizenship. The other twenty-five organizations either have junior boards or chambers, or associate memberships which include the younger business men, or give encouragement in the form of prizes and badges of merit to Boy Scouts for rank in scholarship, scouting, business foresight and physical attainments.

### Four Kinds of Membership

To meet properly the conditions throughout the United States, four different memberships are proposed for commercial organizations, (1) regular or active memberships, (2) associate memberships, (3) junior memberships, (4) the Boy Scout Auxiliary, the last to be composed of representatives from the first three classes to work with the Boy Scout movement in developing citizenship.

The active membership needs no explanation. The associate membership is designed for the young business men, clerks and assistants who would take an active interest in community work but who are not able to bear the financial burden of full dues to the chamber. The young men's department of the Chattanooga Chamber of Commerce, for example, requires the payment of \$10 a year, quarterly in advance. The department is a part of the chamber, but it has its own organization and meetings, and participates in the regular work, besides initiating a part of the program itself. The younger department is represented in the board of directors and its members are placed on committees of the parent organization. The South Bend, Indiana, Chamber of Commerce provides for a membership fee of \$10 for those under 25 years of age, while the Syracuse, New York, Chamber main-





A TYPICAL LUMBERING SCENE—LOGGING IN A NATIONAL FOREST  
(Unloading big "wheels" at a landing in a park where there will be no damage, in the Coconino National Forest, Arizona.)

## What Is Wrong With The Lumber Business?

**T**HE lumber industry ranks first, in the number of employees engaged, of the manufacturing industries of the United States. More than \$1,000,000,000 is invested exclusively in American sawmill plants (of which there are some 48,000) and their accessories. This does not include the standing timber, or raw material, which is generally purchased in sufficient quantities to insure the running of the plant for fifteen or twenty years, that is, if the expenditure of building the plant is to be justified. These bring the figures up to two and a quarter billions. This \$2,250,000,000 invested in the lumber business, involves the employment of 695,000 men, upon whom approximately 3,475,000 people depend.

### A Nation-Wide, Not A Local Industry

Far from being a local industry, lumbering is spread over an enormous extent. It is a leading business in twenty-five states and the chief industry in some fifteen.\* Under normal conditions it is the largest purchaser of farm products. It furnishes the largest number of freight cars of any industry and is second only to coal, in the actual tonnage given to the railroads. Eighty per cent of the gross price of lumber delivered to any one of the great consuming districts of the United States goes to labor, farm products and transportation. Lumber, it has been estimated, furnishes freight aggregating more than \$200,000,000 annually, the largest amount of freight in dollars and cents of any commodity carried. When, therefore, there is any large reduction in shipments of lumber, the effect is felt throughout the entire country very quickly.

That the lumber business is in a bad way and needs the earnest consideration of all those who care for the condition of American business, was brought out during the recent hearings by the Federal Trade Commission for representatives of the lumber industry. The hearings were held during July and August at Chicago, Detroit, Spokane, Tacoma, San Francisco, Los Angeles, and Denver. They were attended by not only the entire commission but by members of the Bureaus of Forestry and Marketing, representing the Department of Agriculture, and in Chicago by members of the Bureau of Foreign and Domestic Commerce, representing the Department of Commerce.

### What is the Matter With Lumber?

The condition of the lumber business, according to President R. H. Downman of the National Lumber Manufacturers' Association, "has been for the past eight years, one of progressive demoralization. Practically little or no profit has been made during that period." When the present waste of forest resources has been considered, there is an actual loss in the business not only of profit but of the original material.

According to Mr. Downman, this situation is due to "over production and uncontrolled competitive conditions." The Federal Trade Commission was informed that, not since 1907, has the railroad industry, one of the largest con-

sumers of lumber in the United States "been in the market normally." There is only fifty per cent of normal consumption by the railroads. Owing to the war in Europe the export business, which usually consumes ten per cent of lumber production, has practically ceased. Moreover, owing to the generally depressed financial conditions during the summer of 1914, building operations throughout the country practically ceased.

"Today the lumber business is in a practically ruinous condition." So Charles S. Keith, President of the Southern Pine Association, and one of the Directors of the National Chamber of Commerce, told the Commission. The yellow pine industry is a dominant factor in the lumber industry of the United States, producing, as it does, practically forty per cent of all the lumber in the country. Its condition, therefore, is representative of the whole.

### Some Staggering Figures of Losses

Here, in particular, we see the results of production and uncontrolled competitive conditions. During the calendar years 1912, 1913, and 1914, the Commission was told, the production of yellow pine lumber has exceeded the consumption by 3.21 per cent. This results in the accumulation of a large excess over normal stocks of lumber. As a consequence the price of lumber has fallen until there has been a reduction in values in yellow pine of 35.75 per cent. These figures are applicable, it is maintained, to the entire industry. The direct loss to the yellow pine manufacturers of the United States because of forest waste, is estimated at more than \$26,800,000. In addition to this direct loss, labor (basing figures on the production cost in 1913) loses in wages during these three years more than \$96,000,000. The transportation companies lose almost \$114,000,000; the lumbermen lose slightly more than \$16,000,000 (an additional loss to labor) which they would have had for handling the lumber at the yards. The loss of labor in the matter of construction which would have been recorded had this lumber been utilized, is set by the yellow pine manufacturers at \$65,000,000. Finally, the loss to the manufacturer

of the lumber because of forest waste in the tree totals more than \$89,000,000. The total economic waste, taking into account all of these items, the Commission was informed, is \$508,000,000 and over—"besides all other elements coming into waste through uncontrolled competition and the effect upon other products and other commodities." Put the other way, and more graphically, "any action taken to save the manufacturer the \$89,000,000 in loss of timber would mean the saving to the people of \$419,000,000 through other avenues."

Because of our wasteful lack of policy toward conservation of our forests, lumber is a "rapidly diminishing natural resource." "Over production coupled with uncontrolled competition makes forest waste unavoidable." During the past 35 years the lumber manufacturers reminded the Commission, while the population of the United States has increased approximately 83 per cent, the per capita consumption of lumber has increased 47 per cent. This, with other causes attendant upon the production of naval stores, turpentine, etc., have resulted in this tremendous loss to invested capital and to labor. Similar conditions exist in the "Inland Empire" and, according to this testimony, the Canadian Government has been making an investigation and has found similar conditions in the Dominion.

The lumber business positively must have co-operation in all its branches if it is to survive. The Government stumpage sometimes precipitated on the market in vast quantities and at a low price, is a very serious factor. Moreover, there are many substitutes for lumber today. The railroads, for instance, are using a vast quantity of concrete where they formerly used wood. "The lumber business is sick. Its disease is overproduction and unlimited competition. The manufacture of lumber is wasteful, shamefully wasteful. There is no other resource of the country that more needs to be protected."

### What Are the Remedies?

The testimony before the Federal Trade Commission was to the effect that the remedy lay not in the restraining of trade or the fixing of prices, but in "producing by agreement only as much lumber as the market will assimilate under and by the supervision of the Commission." For the most part, the lumbermen were unable to offer any definite remedies for the illness they complained of. They put the responsibility on the Commission. The business might get some help, Mr. Toole believed, if allowed to curtail production and meet market demands and to organize selling agencies under government supervision. Why not, he asked, under the Forestry Service?

Summing up the "suggested helps," such as the lumbermen themselves made, Mr. Edward Hines put the suggestions thus: (1.) Some means for securing a minimum selling price not less than the cost of production; (2.) Establishing a real American merchant marine to compete with tonnage under foreign flags; (3.) Some consideration of Canadian competition; (4.) Withholding Government stumpage from the market as much as possible; (5.) Cooperative exploitation and selling of lumber at home and abroad through sales companies.



ONE EXAMPLE OF FOREST WASTE

(A white oak top left in the woods after taking out a clear trunk, because the top was said to be too knotty. Photographed in the Ozark National Forest, Arkansas.)

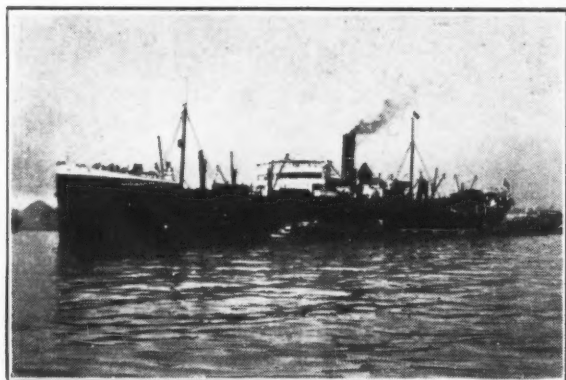
\* Some of the significant facts brought out in the recent hearings before the Federal Trade Commission; illustrations supplied by the Forest Service of the Department of Agriculture.



# Wages and the Cost of Operating Ships

## Some Comparisons of Operation Costs of British, Japanese and American Vessels

ONE of the important questions before the shipping interests of the United States is the comparative cost of operation. A number of factors enter into this. It will be worth while to consider a feature which has not been emphasized in detail, namely, the question of wages. That economic conditions in the United States are different from those in Euro-



THE AMERICAN STEAMER "ALGOA"

pean countries is obvious. The difference in wages has been noted in many different classes of labor. The wage scale, of course, is an important factor in industry or in any undertaking where labor is employed. In the early days of American shipping, more convenient rig and labor-saving devices characterized our clippers just as American machines today owe much of their prestige to the features they embody for saving labor. But the American steamship of today has little if any advantage over its foreign competitor. It costs just about as much to run and operate and is no swifter nor more economical in any important feature. Consequently, the higher wage scale which prevailed in American ports, up to the outbreak of the war, is a real disadvantage which has no offset.

### Some Comparisons that are Fair

Comparisons are always open to criticism, particularly when too precise. On the other hand, if only generalizations are sought, a comparison of wages paid on American and foreign steamers before the war may have useful results. The four steamers, whose pay rolls are detailed below, while differing somewhat in size and tonnage, are typical cargo steamers. Two of them illustrate conditions on the Pacific—the figures having been furnished by Captain Robert Dollar—and the remaining two the difference between British and

American wage scales on the Atlantic. To forestall a natural inquiry it may be noted that the American wage scale of the steamer *Hawaiian* applied to the crew of the British steamer *Ninian* would bring a result practically identical with that shown below in applying the two scales to the two crews respectively. In other words the comparison in the case of these two steamers would seem to be drawn on a sound basis.

### Wages Not the Only Large Factor in Operating Cost

It is not to be assumed, however, that the pay roll of a steamer constitutes the only item of expenditure which exercises an important effect on the total operating cost. The crew of a steamer is only one of a number of items which go to make up the total running expenses. There must also be included upkeep and repairs, port charges, pilotage, loading and discharging cargo, coal, victualling and other stores, etc. Thus it will be seen that the difference in wage scale in American ships cannot constitute a really large percentage in the total difference of cost of operation. On the other hand, it seems to be generally agreed that the general charges of operating vessels other than those incurred in wages are not definitely greater in the United States than they are in European ports. This is somewhat different on the Pacific where it is understood that Chinese crews feed themselves. But as a general proposition, the charges for loading and discharging, pilotage, etc., are the same for American as for foreign vessels.

Consequently, when it appears that the American wage scale before the war was some 50 per cent higher than that of Great Britain and competing nations, and in some cases even more than that in favor of our foreign competitors, it does not mean that it costs 50 per cent or more to operate an American ship. This can perhaps be better illustrated by saying that in the case of the *Hawaiian* and *Ninian* the difference in wage scale, under conditions prevalent before the European war, would result in adding to her annual operating expenses were she transferred to the American flag, something equivalent to 2 1-2 per cent on her original cost of construction.

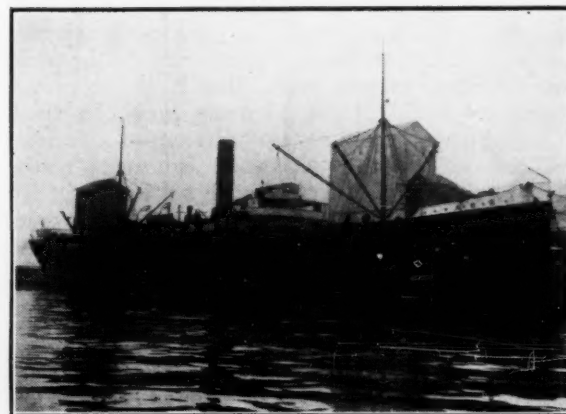
It is generally conceded that the food scale in American and British ships is practically identical, with little if any difference in the cost of victualling the crew. The wage scale in American ports was unquestionably higher before the war, and with greater initial cost of construction adds an element of expense which has to be con-

sidered in explaining the comparatively small number of American ships in foreign trade.

### Effect of the European War on Wages

Since the outbreak of war in Europe it is understood that the handicap in wages has been considerably reduced. No doubt the general wage scale in many classes of labor has been affected, and there are not lacking those who are inclined to prophesy that one of the results of the war will be a rise in the scale of wages, as well as those who believe there will for some time be a general reduction. For the time being, it is natural that, while so many men are with the colors, there should be a shortage of labor, and this indeed seems to have happened. In turning to the sea, new dangers in the shape of mines and submarines now menace the safety of ships and exercise something of a deterring influence. In the case of Great Britain extraordinary demands have called an exceptional number of sailors to the fleet. All of these circumstances must make their influence felt, and it is not surprising to hear that wages for officers, engineers and crew have been advanced from twenty-five to fifty per cent in British ships.

Just what actual experience has brought as the result of conditions of this kind will be



THE JAPANESE STEAMSHIP "ASAMA MARU"

chiefly valuable if the conditions prove permanent. It would seem that if repairs and upkeep are affected in the cheapest markets while steamers are trading, the total operating expenses of two ships like the *Ninian* and *Hawaiian* would not differ greatly under conditions which are stated to have raised the wages of British seamen and firemen to \$36 and \$38 a month, at a time when the American wage scale on the Atlantic Coast and Gulf ports is \$30 and \$40 respectively. If these relations are maintained, one of the purposes which those who originally advocated the Seamen's Law had in mind will have been accomplished; the American and foreign wage scales will have been equalized and American seamen relieved of the burden of competing with cheaper labor. If the original cost of construction is likewise affected by similar equalization, conditions governing the operation of ships under the American and foreign flags will have been brought much nearer to the same standards.

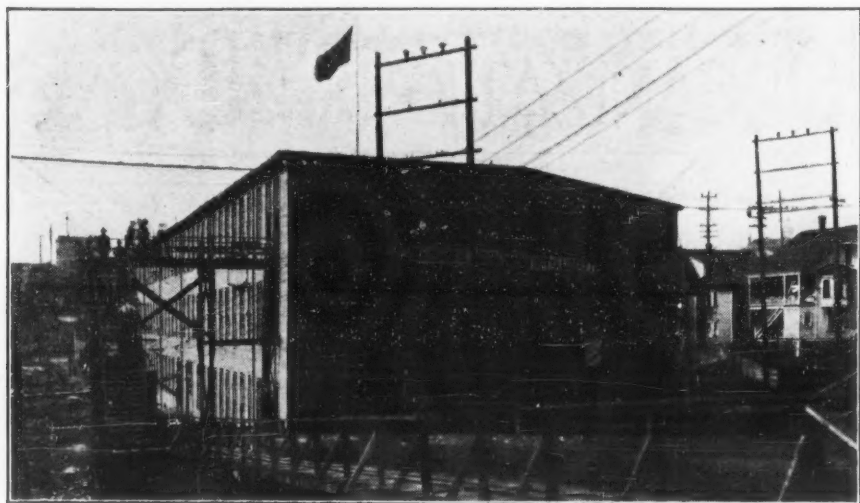
In the meanwhile, individual shipowners have to cope with conditions as they find them and the result of their experience will have to be established before more general deductions can be made. The tables attached to this article illustrate the kind of evidence which has been available for conditions prevalent in normal times. Here it is seen that the American wage scale has been higher than that of other countries. This has resulted in an increased cost of operation, and has been an item which American shipowners have generally had to accept as a handicap in competing for foreign trade.

### A CORRECTION.

Through inadvertance the July number of THE NATION'S BUSINESS was published with an erroneous statement which appeared in the 3rd paragraph, 1st column, page 6, the last sentence of which should have read "Even now under the Seamen's Law the unit of space allotted to each seaman's quarters is only brought up to a standard very slightly above that of Great Britain."

AMERICAN S. S. ALGOA		JAPANESE S. S. ASAMA MARU		BRITISH S. S. NINIAN		AMERICAN S. S. HAWAIIAN	
7,575 gross tons. 4,897 net tons. 455 ft. long.		4,217 gross tons. 2,706 net tons. 380 ft. long.		6,385 gross tons. 4,068 net tons. Length 400 feet.		5,597 gross tons. 3,651 net tons. Length 406 feet.	
Nom. H. P. 430		Nom. H. P. 402					
No. Men		No. Men		No. Men		No. Men	
Deck Department		Deck Department		Deck Department		Deck Department	
Master .....	\$200.00	1 .....	\$100.00	1 Com'd'r. ....	\$97.40	1 Com'd'r. ....	\$200.00
1 Mate .....	100.00	1 .....	50.00	1 Chf. O'r. ....	68.18	1 1st O'r. ....	100.00
1 2nd Mate .....	85.00	1 .....	45.00	1 2nd O'r. ....	48.70	1 2nd " .....	80.00
1 3rd Mate (lic'd) ..	45.00	1 (not licensed) ..	25.00	1 3rd O'r. ....	43.83	1 3rd " .....	70.00
10 Sailors at \$45.00 ..	450.00	8 .....	64.00		\$258.11		\$450.00
1 Carpenter .....	50.00	1 .....	15.00	1 Boatsw'n. ....	31.66	1 Carp't'r. ....	40.00
Wireless Operator ..	50.00			1 Lp. T'r. ....	26.79	4 Qmstrs. ....	140.00
16 .....		13 .....		4 Qmstrs. ....	102.27	1 Boatswain ..	35.00
				6 Sailors .....	146.10	6 A. B's. ....	180.00
				2 Boys .....	24.35	16 .....	395.00
				1 Carp't'r. ....	36.53		
				19 .....	367.70		
Engine and Fire Room Department		Engine and Fire Room Department		Engine and Fire Room Department		Engine and Fire Room Department	
Chief Engineer .....	\$175.00	1 .....	75.00	1 Chf. E'g'r. ....	94.96	1 Chf. E'g'r. ....	165.00
1st Asst. Engineer ..	100.00	1 .....	50.00	1 2nd " .....	68.18	1 1st As't. ....	110.00
2nd Asst. Eng'r. ....	90.00	1 .....	45.00	1 3rd " .....	53.57	1 2nd " .....	100.00
3rd Asst. (lic'd) .....	80.00	1 (not licensed) ..	25.00	1 4th " .....	43.83	1 3rd " .....	80.00
1 Wiper .....	35.00				\$260.54		\$455.00
9 Firemen at \$40. ....	360.00	12 .....	96.00	1 D'k'y'm'n ..	34.09	3 Oilers .....	135.00
6 Coal Pass. at \$30. ..	180.00			3 Gr's'rs. ....	94.96	3 Wtr. T'rs. ....	135.00
3 Oilers at \$50. ....	150.00			12 Firemen. ....	321.42	6 Firemen. ....	240.00
23 .....		16 .....		20 .....	450.47	6 Trim's. ....	180.00
						22 .....	690.00
Steward Department		Steward Department		Steward Department		Steward Department	
1 Storekeeper .....	\$45.00	1 .....	9.00	1 Chf. St'd. ....	36.53	1 Chf. St'd. ....	65.00
1 Steward .....	85.00	1 .....	22.00	1 2nd " .....	19.48	1 Cook .....	50.00
1 Cook .....	60.00	1 .....	16.00	2 Cooks .....	58.44	1 2nd Cook ..	40.00
1 2nd Cook .....	40.00	1 .....	8.00	1 Eg'r's St'd ..	14.61	1 Messman. ....	30.00
2 Waiters at \$30. ....	60.00	2 .....	16.00			1 C'b'n Boy ..	20.00
2 Messmen at \$25. ....	50.00	1 .....	8.00			1 Mess Boy. ....	15.00
1 Firemen's Cook. ....				5 .....	\$129.09		220.00
1 Sailor's Cook. ....		7 .....					
10 .....							
Cost to feed 49 men at \$15. ....	735.00	36 men at \$3.50. ....	126.00				
49 men .....	\$3,270.00	36 men .....	\$795.00	44 men .....	\$1,465.88	44 men .....	\$2,210.00





The Hotel Liberty, Seattle. How it Looks from the Outside.



A Camp of Workers Whom the Hotel has Brought Back to the Land.

THE HOTEL LIBERTY AND SOME OF THE ITINERANT WORKERS IT HAS SAVED FOR PRODUCTIVE LABOR IN THE COUNTRY.

## How Seattle is Solving the Tramp Problem

### The Hotel Liberty—A Clearing House for Itinerant Workers in the Northwest

**T**HE unemployment problem of our Pacific Northwest has certain features of its own. In western Washington more than 100,000 men are dependent on the lumber industry, always more or less a seasonal occupation, and at present in a very depressed condition. When the lumber business is in a bad way a number of other lines of business in Washington are also likely to be adversely affected. This means a great many "out-of-works," particularly among the building trades. The entire state of Washington, therefore, and parts of the neighboring state of Oregon are seriously affected by the question of unemployment and its apparently inevitable outgrowth—the "hobo."

#### How Seattle Comes by the Tramp Problem

The city of Seattle, situated on the western slope of the mountains, in an equable climate, has in recent years gradually become the center toward which the itinerant worker—or as he is frequently called, the "hobo"—flocks in great numbers from all directions. Seattle, indeed, is shouldering the task of being the clearing house for the unemployed of Washington and parts of the surrounding states. The same attraction, apparently, is exerted by Portland and San Francisco. Seattle, however, has found an effective method of dealing with these people. Its "Hotel Liberty" has proved to be a bridge by means of which many honest and willing workers have passed through a hard winter, from being one of the jobless to self-respecting membership in a working community.

#### How the Hotel Liberty was Born

In the winter of 1913-1914, just before Christmas, a workman himself opened up a sort of institution to take care of itinerant workers, but his plan failed.

A little later a number of prominent business men of the city formed a Municipal Commission on Unemployment. This body, representing the churches, the city and county governments, the board of county commissioners and the labor organizations, appointed a committee to provide quarters for the care of about 1,500 men, to house and feed them, no matter of what nationality or occupation they might be or whether they were citizens or not. "We worked on the theory," says a merchant who has helped in this work in a letter to *THE NATION'S BUSINESS*, "that any man who was hungry, had no place to sleep and no family ties was either very liable to become a criminal himself or make a criminal out of the younger element. We also realized that every one of these men, if uncared for, would be on the labor market picking up jobs that would really belong to taxpayers and the heads of families. This is what gave us our resolution to put them at work out of town."

A building, or rather the upper story of a building, 90x200 feet, supplying 1,800 square feet of space, was secured. An outside entrance, without passing through the lower and middle floors, was constructed by the men, who also made a fire escape. This floor was divided into compartments, kitchen, dining room, sterilizing room,

hospital and auditorium. The dining room force was called upon to serve as many as 3,660 meals a day. Every employed man received three meals and every unemployed two each day, at an average cost for the entire season of a little more than five cents per meal.

#### Some of the Things It Has Done

At one time there were as many as 1,660 men sleeping on the floor, each one supplied with a blanket. The room was steamheated. Although in the saloon region, these places apparently had little attraction for the men. The work of the "hotel" was done by its own force of men; everything, including night and day clerk service, barber, shoemaker, and tailor. The hotel has its own piano, sewing machine and typewriter. The



MANAGER OF THE HOTEL LIBERTY—HENRY PAULY. men that registered represented twenty-six different occupations and almost every nation in the world except China.

It took about five weeks to get thoroughly organized and equipped. The projectors had no money and no credit, except such as was personally and individually loaned to the institution by Mr. J. B. Powles, a merchant of the city who took great interest in the work, and to whom we are indebted for the facts presented in this article. But the projectors were full of resources and perseverance. Before opening, the hotel was \$6,500 in debt. Then a system of support was worked out. The men in charge made private contracts for work on the roads and other public works. Six of these brought in nearly \$3,000. Then the Board of County Commissioners were called upon for credit with which to buy supplies, to which they agreed. It was suggested to the Mayor that, if he could furnish work outside of the city limits the men of the hotel would perform such work without any wages or consideration; and in return, the Mayor would pay the debt of the Hotel.

As a result of this the men did about \$16,000 worth of work for the city which, in turn, paid the bills of the Hotel. According to figures available early in August, the city was at that time in debt to the Hotel to the extent of \$1,700. The men performed work for the county also and further reduced the indebtedness of the institution. At one time there were 150 men at work, felling timber, slashing, grubbing and preparing the land for the plow. The manager has introduced a new kind of stump-burner which is described as particularly efficient.

The Hotel has been operated on rules drawn up by the men themselves. "To the credit of the men, let it be said that these rules were violated but twice." The Hotel further had its own police force and sheriff.

Each man, when called upon to work two days out of seven for his board and lodging, was regarded as entitled to three meals a day. If he had no work, he was entitled to two meals a day. No charges were ever made against the men whether they worked or not. The total registration during the six months through which the Hotel was in operation was 9,295 different men. Lodging was furnished to more than 159,000 men who performed more than 12,000 days of work.

The Chief of Police stated that in his judgment the Hotel had saved the city not less than seventy-five special police; and, according to the Judge of the Police Court, it revolutionized the pleadings of those who were arrested for stealing and those caught sleeping in box cars, hall ways and on sidewalks, since the "Hotel Liberty" made these unnecessary.

#### What Business Men Think of It

The Hotel was opened on the 18th of November, 1914, and continued in operation until May 18th. Since that time the men have been working at clearing a forty acre tract of land within the city limits, clearing it for a milling concern.

The Commission in charge of the Hotel believes that the problem will be present every winter, at least for several seasons. In the summer the grain and lumber business will call for a large number of workers. In the winter this need will be much less, indeed, practically nil.

It is claimed that about 100,000 men in western Washington are dependent upon the lumber industry; most of them having no experience in other lines of work. If the lumber business is ten per cent below normal, a very large number of men are necessarily out of work; this number is increased by the fact that building trades and other lines of industry dependent upon lumber activity are adversely affected at the same time.

Recently the Chamber of Commerce of Seattle made a report on the work of the Hotel Liberty and declared that "it is accomplishing a very great deal of good for the City of Seattle and its success will result in the establishment of many similar institutions in other cities of the country."

In the conclusions of this report the Chamber of Commerce gives its opinion that "it is necessary for the community to furnish reasonable aid to the unemployed" and that Seattle should work out a plan for the establishment of the "Hotel Liberty" as a permanent institution.



## Recent Court Decisions Affecting Capital and Labor

**D**ECISIONS of unusual importance affecting American employers and the men they employ were handed down by the courts during the year 1914.\* These decisions are reviewed in the annual summary of court decisions affecting labor, in a pamphlet issued by the United States Bureau of Labor Statistics.

The 265 decisions summarized deal generally with the application and the construction of laws or with the application of the principles of the common law to the mutual rights and relations of employer and laborer.

These include the final opinions of the Supreme Court in the famous Danbury Hatter's case (holding members of labor unions personally liable for damage from boycotts), the dissolution of the injunction in the case of John Mitchell against the Hitchman Coal and Coke Company of West Virginia (holding labor unions legal) and the Supreme Court's opinion in the Coppage case, nullifying the law of the State of Kansas which undertook to protect workmen in their membership in labor organizations. In the last named case the dissenting opinion defending the constitutionality of the act is also given.

Workmen's compensation laws take up the largest group of cases on a single subject. The decisions reviewed range from questions of constitutionality decided adversely in the case of the Kentucky statute and favorably in other state courts, to the fixing of definitions or of single points of dispute.

Take occupational diseases—the courts of Massachusetts hold that lead poisoning is within the state act providing for compensation. The courts of Michigan, on the other hand, under the provisions of a state law similarly expressed, hold that a case of lead poisoning does not entitle the sufferer to compensation. Several decisions relate to the method of arriving at benefits, to the definition of the term "casual employment," and what constitutes "incapacity," "willful act," or "dependency," etc.

The power of an employers' association to enforce its rules is maintained in a case in which such an association was held by the court to be entitled to recover from one of its members damages for his defection in a struggle against closed shop contracts.

The minimum wage law of Oregon, this Bulletin states, is the first law of its kind to receive judicial consideration. It has been upheld by the Supreme Court of the State although an appeal has now been taken to the Supreme Court of the United States.

Other classes of federal laws that received attention in the court decisions are those relating to liability of railroad corporations, those limiting the hours of service of railway employees and requiring the maintenance of safety appliances.

Several decisions relating to compensation by railways turned on the nature of the employment of the injured person, that is whether in interstate commerce or not. Evidently the courts are not uniform in their construction of this statute. Among the employments found to be within the act of liability were those of (1) a blacksmith repairing cars used in interstate commerce; (2) a telegraph lineman engaged in repair work; (3) workmen installing block signal systems; (4) a carpenter building an addition to a freight shed; (5) a laborer carrying coal to heat a shop in which interstate cars were being repaired.

Cases of particular interest included those that grew out of the textile workers' strike in Massachusetts, the chief one being that in which the court affirmed the accountability of the collectors of a fund intended for the relief of strikers' families. Other more or less complicated cases involving decisions upon points, technical in their nature, but full of social import, were, one connected with the bridge workers' campaign against non-union employers, involving the transportation of explosives in interstate trains; a trial for murder said to have been incited in California by a strike leader urging his followers to prevent arrests in the hop pickers' strike; and one questioning the validity of the sentence of a military court during labor troubles in Montana mines.

\* As summarized in Bulletin 169 of the United States Bureau of Labor Statistics.

## WHAT the ORGANIZATIONS are DOING

### New Steamship Service to China and Siberia

Direct service has been established to Shanghai and Vladivostok by the East Asiatic Company, Ltd. The first ship, the *Indian*, sailed on the 19th, to be followed by the *Magdala*, September 20th. The continuation of this service will depend upon the freight offered. This gives San Francisco exporters an opportunity of shipping to Vladivostok without transfer and at the same rates as now charged via Kobe.—*San Francisco Chamber of Commerce Activities*.

### Baltimore to Have the Largest Car Building Plant

What is expected to be the largest carbuilding plant south of New York will be soon in the process of erection at the plant of the Baltimore Car and Foundry Company at Curtis Bay, which is affiliated with the Standard Steel Car Company, whose central office is in Butler, Pa. An addition will be made to the present plant, one building of which will cost \$500,000. The grounds owned by the company now embrace 40 acres, but 10 more were recently bought, 9 of which are between the plant and the United Railways car line.—*Baltimore*.

### The Year of the Big Crop in North Dakota

The year 1915 is going to be remembered in North Dakota as the year of the big crop. This state is producing the greatest grain crop in its history this year and all kinds of crops are making exceptionally fine appearance. North Dakota has a very handsome building at the Panama Pacific Exposition which is prepared to make a display of North Dakota products of all kinds. This building is in charge of competent managers who will be glad to take charge of grains and vegetables or other products of the state and see that they are properly shown.—*North Dakota Development League Press Bureau*.

### Colorado Sheep Owners in Clover

Real popularity in Colorado these days is cornered by the sheep owners. Basking in the smiles of a number of impatient individuals who have come out from the feverish East to buy—buy everything and buy early and late—only buy, the flockmen are having things as near their own way as any typical village belle. Whether it is wool or mutton they have to sell, they have the buyers guessing, for prices on both commodities still seem to be rising, and the sheep men, especially the wool growers, are sufficiently prosperous to be able to sit tight.—*The Commercial* (Denver Chamber of Commerce.)

### How Detroit May Do Business with India

There is in Bombay, East India, a gentleman so anxious to do business with Detroit manufacturers that he is willing to come to this city and interview Detroiters, providing he can get them to take an interest in his proposition. He states that he has been doing a large business in exporting goat skins, and that, while this trade before the war was in the hands of German exporters chiefly, it will, after peace is declared, be open to American buyers of goat skins at the most advantageous rates. In addition, Mr. Hykoop is willing to push and introduce the sale of any kind of a useful commodity in East India. He knows all Indian languages and was at one time a representative for a large Detroit firm.—*The Detroit* (Detroit Board of Commerce.)

### What Boston is Talking About

Military preparedness is one of half a dozen topics selected by the Speakers' Bureau of the Chamber for treatment in lectures and addresses during the coming autumn and winter. The other subjects are: Merchant Marine, Massachusetts and Its Industries, Industrial Relations, Immigration, Taxation. The Speakers' Bureau is the agency through which the Chamber will furnish speakers to appear before meetings both of Chamber members and of outsiders to discuss questions of public interest.—*Current Affairs* (Chamber of Commerce, Boston.)

### Getting Close to the Argentine Meal Supply

Meat consumers of the United States should be interested in the announcement that the Ar-

mour Packing Company has just opened a very large packing house at La Plata, thirty-seven miles from Buenos Aires; for that means an additional source of supply to eke out our own resources. The plant consists of a group of seventeen reenforced concrete structures covering twenty-four acres and costing \$3,500,000. It is placed on the bank of the Santiago River near the sea and has dockage of its own to which ocean liners may come. The plant will have a capacity of 1,500 cattle, 2,500 sheep and 1,000 hogs daily. At present 800 persons are employed; but ultimately a force of 3,000 will be needed.—*The Americas*.

### Optimism in the Knit Goods Trade

Price cutting has ceased, mill stocks are low, stores are not well supplied and indications point to brisk buying. It, therefore, would appear that soon the manufacturer will come into his own. Mill agents as a class are optimistic all the way down.—*The Knit Goods Bulletin* (Philadelphia, Pa.)

### The Port Facilities of New York

New York City has at last taken up for solution upon comprehensive lines the greatest of its municipal problems—the development of its wonderful port facilities. New York has continued to hold the lion's share of foreign trade, but its proportion of the total oversea commerce of the country has gradually decreased. This Association has constantly urged port development as a measure of protection. It is estimated that the collection of the information upon which an adequate plan of port development must be based will occupy two years and that the cost will not exceed \$125,000 a year. This is not a large sum in view of the importance and magnitude of the work.—*Greater New York* (Merchants' Association.)

### New Lines, Panama to California

A new steamship service to Panama from Los Angeles and San Francisco has been established by the Mexican National Steamship Company. Ships of the new line will stop at fourteen points; forty days will be required for the round trip and a vessel will leave Los Angeles harbor every two weeks. Announcement also is made that a ten-day service between Los Angeles and New York will be inaugurated by the Panama-Pacific International Merchant Marine.—*Bulletin* (Los Angeles Chamber of Commerce.)

### Cincinnati and South American Exports

Largely as the result of an interesting discussion of the South American export possibilities now before the manufacturers of this country given by S. S. Brill, an agent of the United States Bureau of Foreign and Domestic Commerce, the Export Club of the Chamber of Commerce passed a resolution to bring into the club all exporters who are members of the Chamber of Commerce. The purpose of this action is to bring about a solution of export problems for all exporting manufacturers through cooperative exchange of information.—*The Cincinnati* (Chamber of Commerce, Cincinnati.)

### Omaha a Convention City

Omaha compares most favorably with the big cities of the United States when it comes to entertaining conventions. So far this year fifty-six conventions have been held in the city, the associations being national, interstate and state in character. Omaha will be the center of farmers' conventions this fall. With the National Farmers' Congress meeting here the latter part of this month; the State Farmers' Congress in December and the Nebraska Cooperative Live Stock and Shipping Association a little earlier, Omaha will be host to thousands of farmers.—*Journal* (Commercial Club, Omaha.)